

## Life, and Death, Under a Siege

### Joining the Women in Beirut's 'Passage of Death'

By Nora Boustany  
Washington Post Service  
BEIRUT — "Every month, at least, enters the camp is washed with blood," said a Palestinian woman, balancing a basket of provisions on her head as she lined up at an Amal militia checkpoint to cross the "Passage of Death."  
Iman Sayyed was one of dozens of women waiting to make a 200-yard (182-meter) run into the refugee camp of Burj al-Brajneh. The camp has been under siege for five months by the Shiite Muslim Amal militia, which is trying to drive out Palestinian guerrillas who live in the camp.  
[An Amal statement said a Syrian-sponsored truce and an agreement to end the siege of two Palestinian camps near Beirut would start Monday. Reuters reported Sunday from Beirut.]  
[Earlier Sunday, six trucks laden with food, clothing and blankets donated by Kuwait were delivered to Burj al-Brajneh. An attempt to take supplies to the nearby Chabla camp ended on Friday when a truck carrying food provided by Saudi Arabia was destroyed by a rocket, killing at least two persons.]  
A stretch of reddish, sandy wasteland leading to the camp's eastern entrance, the "Passage of Death," has become the symbol for almost daily suicide missions by women, young and old, who leave to buy food.  
At least 18 have died, going in or out, in a month. They have been shot by Amal militiamen ranging the camp, according to Ben Alobe, a Dutch nurse working in the camp. Dozens have been wounded.  
Recently, this reporter

**'We would have preferred to eat the flesh of our martyrs before giving in' to the Amal militia.**  
— a camp resident



Trucks carrying food, clothing and blankets supplied by the Kuwaitis entering the Burj al-Brajneh refugee camp on Sunday. The camp, south of Beirut, has been under siege for five months by the Shiite Muslim Amal militia.

## Security Review Expands

### 10 More Missions Investigated by U.S. for Laxness

By Don Oberdorfer  
Washington Post Service  
MOSCOW — Two U.S. congressmen who arrived Sunday to assess the espionage damage at the U.S. Embassy here said that 10 more U.S. missions are under investigation by State Department and military officials because of concern that lax security practices could be widespread.  
Representative Daniel A. Mica, a Florida Democrat who is chairman of the House Foreign Affairs subcommittee on international operations, said any problems found elsewhere would tend to exacerbate "a security, diplomatic and intelligence disaster of the first magnitude" at the embassy in Moscow.  
Mr. Mica and Representative Olympia J. Snowe of Maine, the senior Republican on the subcommittee, did not say what other U.S. missions were being investigated.  
They said they would insist that the administration convene an "accountability review board" to assess blame for the Soviet penetration of the Moscow embassy.

## Kohl Party Wins Control In Hesse Vote

By James M. Markham  
New York Times Service  
BONN — The West German Social Democratic Party on Sunday lost control of Hesse state for the first time since World War II to a center-right coalition.  
The two conservative parties, Chancellor Helmut Kohl's Christian Democrats and the Free Democrats, won 56 of 110 seats in the first test of public opinion since January's parliamentary elections. The unexpected victory was a boost to Mr. Kohl's party, which had done poorly in the parliamentary elections.  
Hesse's 4.1 million voters have been maneuvered to give their verdict on a coalition between the Social Democrats and the anti-establishment, Greens. The coalition collapsed two months ago in a dispute over nuclear power.  
Both parties had pledged to renew the leftist coalition — the first of its kind in West Germany — if they together attained a majority in the legislature. But they fell short by two seats, and the Social Democrats, tumbling six points to 40.2 percent of the popular vote, had their worst showing since 1946.  
Mr. Kohl's Christian Democrats emerged for the first time as the biggest party in the state, increasing their share from 39.4 percent in 1983 to 42.1 percent. With the help of the center-right Free Democrats, who took 7.8 percent of the vote,



Walter Wallmann  
The Christian Democrats will be able to form the state's new government.  
The other big winners were the Greens, who added 1.5 percentage points to their previous score, from 5.9 percent to 7.4 percent of the vote.  
The Greens had taken a strong stand against nuclear power in Hesse and had brought down the coalition when the Social Democrats refused to close a nuclear processing plant outside Frankfurt.  
The conflict focused attention on policy confusion among the Social Democrats, who have promoted the use of nuclear energy in Hesse but at the national level have committed themselves to abandoning nuclear energy in a decade.  
The Social Democrats have ruled Hesse for four decades, but they appeared to have been massively deserted by traditional blue-collar supporters who disapprove of their flirtations with the Greens.  
The outcome seemed likely to

## Communism's Century-Long March Slows Down

By Jim Hoagland  
Washington Post Service  
PARIS — Launched more than a century ago as a relentless, swelling march that would sweep mankind to economic salvation, the world's Communist movement today has become instead a crab-like dance of improvisation and adaptation to modern forces that threaten its claim on the future.  
In Moscow, Beijing, Budapest and other capitals where Communist parties rule, national leaderships are locked in an expanding, high-stakes debate over the need to modernize their stagnating economies and unresponsive political systems.  
Those debates have been caused by startlingly candid admissions by Communist leaders themselves about the failure of "scientific socialism" to generate enough growth late in the 20th century to provide the efficient cradle-to-grave welfare systems envisioned a century ago by Marx and used later by Lenin to justify the Soviet dictatorship that he established.  
To achieve such growth and stem spreading discontent, many of these leaders are now prepared to bend ideology and to adapt some free-market mechanisms into their economies. This experimentation has added

### Communism Can It Reform?

First in a series of articles



PROTEST BY THAI TROOPS — Thai paramilitary troops, right, threatening on Sunday to break through the gate at a former prime minister's residence guarded by police in Bangkok. About 300 troops were demanding

## Paris and Moscow Expel 6 Each Over Spy Affair

By Julian Nundy  
International Herald Tribune  
PARIS — France said Sunday that it had expelled six Soviet diplomats — not three as earlier announced — after breaking up a spy ring seeking intelligence on Western Europe's space program.  
The Foreign Ministry, reacting to news that Moscow had ordered six French nationals to leave the Soviet Union, admitted that it had ordered a similar number of Soviet officials to leave the country last Thursday.  
Originally, the Foreign Ministry had said that it had requested the recall of only three Soviet diplomats in connection with espionage activities in the Seine valley, northwest of Paris. The main objective was reported to be a plant where motors for the European Space Agency's Ariane rocket series are produced.  
The ministry did not explain why it had kept the other three expulsions secret, but it apparently was motivated by a desire not to harm relations with the Soviet Union as Prime Minister Jacques Chirac prepares to visit Moscow in May.  
However, the Soviet reaction to the French moves made it clear that Moscow had no intention of minimizing the affair. The Soviet announcement of the oil-for-food expulsions of six French officials broke with normal diplomatic practice.  
It was made on the Soviet television news Saturday as the French ambassador, Yves Pagniez, was at the Soviet Foreign Ministry to receive the official order. Normally, the announcement would not have been made public until the French Embassy in Moscow had had time to inform those concerned.  
The Tass news agency reported that a Soviet woman who was among a group of alleged spies rounded up in Rostov on March 16 had said that French police had threatened her with rape. Although seven persons, five French, the Russian and a Romanian woman, have been charged with espionage, the French Foreign Ministry said Sunday that the Soviet action against its citizens, four diplomats and two businessmen, was unjustified. It did not identify the Soviet citizens ordered out of France.  
French news reports have said that the group's contact with the Soviet Embassy was Major Valeri Konorev, a deputy air attaché.  
"It is a measure of pure retaliation, lacking any justification," the ministry said.  
The statement said the six French citizens "in no way breached their obligations." How-

## Paris Awards TV Channel To Bouygues

By Axel Krause  
International Herald Tribune  
PARIS — A consortium led by Francis Bouygues, who heads one of the world's largest construction companies, has been awarded control of TF1, France's oldest state-owned television network.  
The decision Saturday by the National Commission on Communications and Freedom ended an intense struggle for the network between Bouygues SA and Jean-Luc Lagardere, chairman both of Hachette SA, France's largest publishing company and of Mafra SA, a military contractor. Each had agreed to pay 2 billion francs (about \$300 million) for a 50 percent share in the network and Mr. Lagardere had been favored to prevail.  
Mr. Bouygues, 64, will become chairman. He said he planned no major reorganizations of the news departments and added that he planned substantial investments to improve programs.  
It was believed to be the first time that any government had sold a state-owned television network to private interests.  
Mr. Bouygues's surprise victory represents a key step in the economic program of the government of Prime Minister Jacques Chirac, which decided to privatize TF1, along with leading industrial companies, banks, insurance and communications groups.  
Francois Lottard, the minister of culture and communications, said

## Klosk Reagan to Hold Talks in Canada

OTTAWA (APF) — President Ronald Reagan arrived here Sunday for a 24-hour official visit and talks with Prime Minister Brian Mulroney.  
His arrival was preceded by a peaceful demonstration of more than 2,000 persons protesting U.S. policies, including the Reagan administration's attitude toward acid rain, arms control, Central America and South Africa. The demonstration was called by pacifist and ecological groups, and trade unions.  
On an NBC-TV news program on Sunday, Mr. Mulroney was cautious in predicting any tangible results from the talks. "I don't expect any major breakthroughs on a dozen different fronts," he said.

## Swiss Vote To Tighten Refugee Law

By Thomas Netter  
International Herald Tribune  
GENEVA — Swiss voters overwhelmingly endorsed tightening the laws on foreign refugees and seekers of asylum in a nationwide referendum that ended Sunday.  
More than 65 percent of those voting supported the two proposals. Officials said that the relatively high turnout of 42 percent reflected the emotional aspect of the referendum.  
The new laws, which will take effect this year, will allow authorities to curtail immigration in times of war or crisis and limit refugee status by requiring that asylum-seekers register when they cross specific border points.  
They also will give Switzerland's cantons greater powers to make decisions on asylum status and will allow authorities to intern persons refused asylum to prevent them from going underground.  
When refugees leave, the measures would also allow authorities to give them financial aid, both to return to their homeland and begin a new life.  
Opponents of the government's plans to tighten provisions of a liberal refugee and asylum law enacted in 1979 have drawn parallels between the electorate's refusal last year to join the United Nations and its overwhelming support for tougher asylum laws.  
They say that both reflect a rising sense of insularity in the electorate.  
The government moves to tighten the refugee laws were supported by most political parties, with the exception of the Social Democrats. The clampdown was opposed by social, religious and aid organizations.  
See SWISS, Page 3

## Chun: Probing the Future of an Enigma

By Clyde Haberman  
New York Times Service  
SEOUL — Behind the unapproachable walls of the Blue House, the seat of South Korean power, President Chun Doo Hwan is an aloof, enigmatic figure to most of the 41 million South Koreans.  
Six years have passed since he founded the Fifth Republic, and seven since he seized power as head of a group of impatient army generals. His pronouncements and public appearances lead news broadcasts almost every night on the government-owned television network.  
Yet the president's personality emerges only on occasion. South Koreans say they really know little about their president, except perhaps that they do not like him.  
The disaffection goes with daily reminders of the limits on their freedoms. In Seoul, they see the many plainclothes policemen patrolling the streets, easily identified by tan windbreakers, close-cropped hair and iron faces.  
They know they face arrest if they march in protest, and the last few months have been marked by government repression of opposition attempts to protest police torture and to demand greater political freedoms.  
From back-alley shop owners to politicians within his own party, South Koreans say that Mr. Chun has always been an unpopular leader, even though he has ruled during a period of expanding national prosperity and international prestige. For South Koreans, he has not acquired legitimacy because his soldiers massacred scores of people in the city of Kwangju to help him consolidate power in 1980.  
"In a direct election, the president probably would lose against almost anyone," a member of Mr. Chun's own party said. "Even I could beat him."  
But Mr. Chun's intentions form the paramount concern for South Koreans as they enter one of the more critical periods in their history. What happens over the next few months may determine whether their country moves toward democracy, augmenting its impressive economic growth, or slides into political crisis and perhaps even martial law.  
On this divided, heavily armed peninsula, the direction that is chosen will have important strategic implications as well, not only for South Korea but also for its main ally, the United States.  
In a sense, all issues boil down to one central question: Will the general-turned-president keep his word?  
Mr. Chun, 56, has promised to leave the Blue House on Feb. 24, and thereby preside over the first peaceful transfer of government since the Republic of Korea was formed four decades ago. For now, most signs suggest he will indeed step aside.  
But that supposition raises more questions. Will he truly yield power? Or will he try to manipulate control from behind the scenes?



President Chun Doo Hwan

With its sales dropping, Chevrolet is introducing two new compact cars in a bid to rebuild its share of the market. Page 9.

GENERAL NEWS:  
■ Pope John Paul II, in southern Chile, backed workers' calls for social justice. Page 2.  
■ Western industrial nations plan new steps to ease the financial plight of the poorest developing countries. Page 9.



## Loss of U.S. Consulate Protested in Strasbourg

By Barbara Bell  
Special to the Herald Tribune

STRASBOURG, France — U.S. plans to close the U.S. consulate that opened here in 1866 have caused surprise and protest in this ancient cathedral city that has become the capital of modern Europe.

"As a personal favor," Prime Minister Jacques Chirac of France asked the U.S. secretary of State, George P. Shultz, during his visit to Washington last week, to review the decision.

A demonstration by concerned Frenchmen is planned Monday night in Strasbourg.

"You're talking about 121 years of history and that is a long time," said Victor Comras, who has been U.S. consul general in Strasbourg for almost two years.

Mr. Comras succeeded Robert O. Homme, who was wounded in a 1984 attack in Strasbourg. Georges Ibrahim Abdallah, a Lebanese, is serving a life sentence for the attack on Mr. Homme and the murders of an Israeli and an American diplomat in Paris.

People in Strasbourg remain proud that it was an Alsatian from Colmar, Frédéric Auguste Bartholdi, who designed and built the Statue of Liberty. But history and strong sentimental ties to the United States are only secondary factors in the furor.

It was generated by the State Department's announcement on March 23 that because of budgetary reasons it would close by Sept. 30 the Strasbourg post along with six other consulates, four of them in Europe.

The move is widely perceived here as a slap in the face at Western Europe by the Reagan administration at a time when the strength of its commitment to its European allies was already under question.

Unlike the majority of U.S. consulates, which function bilaterally to promote American interests in countries where

they are located, the Strasbourg post has acquired multilateral diplomatic responsibility because of the presence here of the Council of Europe and the European Parliament.

"More than half" of the work of the Strasbourg consulate involves dealings with European institutions represented in Strasbourg, principally with the Council of Europe, Mr. Comras said.

He and State Department spokesmen in Washington contend that this liaison work with the European Community can be handled by the U.S. mission to the EC in Brussels.

But EC leaders here express doubts about both the effectiveness of that operation and its significance.

"I fear that such a long-distance relationship with the council will place in jeopardy the very close relations we now enjoy," the president of the Parliamentary Assembly of the Council of Europe, Senator Louis Jung of France, said last week.

In a message to Senator Claiborne Pell, Democrat of Rhode Island and chairman of the Foreign Relations Committee, and Representative Dante Fascell, Democrat of Florida and chairman of the House Foreign Affairs Committee, Senator Jung declared: "Complete removal of the U.S. mission from Strasbourg will be taken as a sign that the U.S. no longer maintains the level of interest in the Council of Europe it has expressed in the past."

"Such a message might seem all the more important," he warned, "at the very moment that Eastern Europe is beginning to express a greater interest in what we do."

The Alsatians were particularly affronted to find Strasbourg on the list of consulates to be closed in place of Lyon, which was named by the State Department in December as the French post that would be closed this year.

## Gorbachev Postpones His Visit To Prague

By Jackson Diehl  
Washington Post Service

PRAGUE — A visit here by Mikhail S. Gorbachev, the Soviet leader, that was expected to have begun Monday has been delayed until later in the week because Mr. Gorbachev has "a slight cold," Czechoslovak government officials said Sunday.

The officials indicated that the decision to postpone the trip was made this weekend, on the eve of the Soviet leader's arrival for a scheduled stay of three days. They said that Mr. Gorbachev now would arrive "in the second half of the week" but refused to specify the day.

The sudden shift appeared to come as a surprise and embarrassment to the Czechoslovak Communist leadership, which had decorated Prague with banners and flags and accredited about 300 foreign journalists at a special press center in anticipation of Mr. Gorbachev's arrival on Monday.

Although the exact timing of the visit was never formally announced, Czechoslovak officials informed Western diplomats and journalists several weeks ago that the visit would begin Monday morning and had made available schedules of Mr. Gorbachev's activities.

At a press conference Sunday afternoon, the deputy foreign minister, Roman Narozny, insisted that no postponement of the trip had taken place, pointing out that Czechoslovak media had reported only that the visit would be sometime this week.

But, he added, "in view of a slight cold contracted by Secretary Gorbachev, both sides have recognized that the second half of the week would be more suitable."

Mr. Gorbachev has been expected to deliver a major speech here announcing the withdrawal of at least one of the five Soviet divisions stationed in Czechoslovakia.

Western observers say the move may be calculated to win confidence among West Europeans concerned about the imbalance of conventional military forces in central Europe in view of U.S.-Soviet negotiations on the withdrawal of medium-range nuclear missiles from the continent.

The visit was also expected to offer signs of Mr. Gorbachev's attitude toward a Czechoslovak Communist leadership that has appeared resistant to embrace his policies of political renewal and economic change.

Although the party leader, Gustav Husak, who was installed after the 1968 Soviet invasion, has recently pledged adherence to Mr. Gorbachev's policies, few substantive steps have yet been taken, and some ranking officials have appeared openly critical of the Soviet reforms.

The West German newspaper Bild, in its Monday edition, said that Mr. Gorbachev's wish to meet Alexander Dubcek, the former liberal Czechoslovak leader, triggered a dispute between the Soviet leader and Communist Party officials in Czechoslovakia, United Press International reported from Bonn. It was Mr. Dubcek's reforms that triggered the Soviet invasion in 1968.

Mr. Hartman, the former ambassador, said a 1977 agreement blocks the Soviet Union from moving into newly constructed office space on Mt. Alto, one of the highest hills in Washington, until Americans occupy the Moscow site.

The fact is that this embassy can never ever be made secure. Ever," Mr. Leahy said in a television interview. He said the United States should "require payment from the Soviets for the damage that has been caused or not allow them to go into their own embassy in Washington."

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Listening devices have been found in the bricks and steel girders of the nearly completed office building, government officials say.

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Pope John Paul II was cheered by Chileans aboard a trawler in Punta Arenas, the southernmost city in Chile.

## In Southern Chile, Pope Calls for Social Justice

Compiled by Our Staff From Dispatches

CONCEPCION, Chile — Pope John Paul II told more than 250,000 people at a Mass on Sunday in this economically depressed southern region that he supports their calls for more jobs and higher pay.

"You may think the pope is not aware of the preoccupations of workers in this beloved Chile," he said. "That is not so. I know very well your concern about social justice, unemployment, wages and legitimate union demands."

The pope's weekend visits to southern Chile were the first since his arrival on Wednesday that were not marred by violent demonstrations against the government of General Augusto Pinochet.

At a Mass led by the pope in Santiago on Friday, opponents of the military regime provoked clashes with the police in which three persons were wounded by police gunfire, and more than 100 civilians and 38 police were injured.

The number of injured in demonstrations since the pope's visit began has been estimated at more than 600, and at least one protester has died.

The archbishop of Santiago, Cardinal Juan Francisco Fresno, and the Most Reverend Bernardino Pinera, president of Chilean Bishops' Conference, issued a joint statement praising those who remained calm.

"A few hundred persons tried to impede hundreds of thousands from exercising their most important human right, the right to express their faith in public," it said.

Speaking Saturday at Punta Arenas, the pope denounced torture and urged Chileans to show violence.

"One more time I plead with those who use violence and terrorism that they cease these inhuman methods which cost so many innocent victims," he said.

In particular, he church "denounces the practice of moral or physical torture," he said.

He added that torture is an "infamy in itself that degrades human civilization, dishonors those who practice it more than its victims, and is totally contrary to the respect which is due to the creator."

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## Crisis Talks Held in Peru As Troops Stage Protest

Compiled by Our Staff From Dispatches

LIMA — President Alan Garcia held emergency meetings Sunday with his armed forces ministers as troops remained locked in two air bases to protest the dismissal of the air force commander.

President Garcia fired General Luis Abram Cavallero on Friday for having met with political and military leaders in an attempt to block Mr. Garcia's plans to unify the three ministries of the army, navy and air force into a single defense ministry.

The move would reduce military representation and influence in the presidential cabinet.

Soldiers at airfields in Las Palmas, west of Lima, and in La Joya, about 560 miles (900 kilometers) south of the capital, remained locked in their bases to protest the dismissal of General Abram.

General Cesar Enrico Praelli, a former air force commander fired by Mr. Garcia 18 months ago, said that he believed that about 200 generals, colonels and unit commanders were at Las Palmas air base.

"This is a way of showing the opposition of the people in the air force to the dismissal of the commander general," he said.

In the capital, army tanks that had protected the government palace Friday night were withdrawn Saturday, but police armed with machine guns remained posted at every corner within 500 yards of the presidential palace.

On Thursday night, air force jets buzzed the presidential palace twice, official sources said.

Air Force General Pablo Varela Novella, who was appointed by President Garcia as a temporary replacement for General Abram, refused the post. Military sources told Agence France-Presse that General Varela supported the dismissed commander.

Representatives from the conservative Popular Christian Party and the Popular Action Party of former President Fernando Belaunde Terry criticized President Garcia's dismissal of the general.

In an address Saturday night, Mr. Garcia warned the military that the government's civilian authority is inviolable.

"Those who dress in a uniform do not have the right to political opinion," he said, adding "and much less the possibility of openly confronting the proposals and the decisions of the president."

Peru's 165-year history as a republic has been dominated mostly by military governments. The military last ruled Peru for 12 years until restoring democracy in 1980.

(AP, Reuters, UPI)

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## WORLD BRIEFS

### Armed Man Arrested at Aquino Rally

MANILA (UPI) — Philippine soldiers arrested on Sunday a man armed with a pistol and a hand grenade about 50 yards (45 meters) from a stage where President Corason C. Aquino sat at an election rally with Senate candidates.

Neither Mrs. Aquino nor members of her staff were immediately notified of the arrest at the rally in Tacloban, 360 miles (580 kilometers) southeast of Manila on central Leyte island, Colonel Lorenzo Mateo, a military spokesman, said.

It was not known if the suspect, Doming Marry, who was being held at a provincial police headquarters, had planned to attack Mrs. Aquino, Colonel Mateo said.

### Another U.K. Scientist Found Dead

LONDON (Reuters) — The mystery surrounding a series of deaths of British military experts deepened Sunday with the announcement that another scientist involved in sensitive projects had died in unusual circumstances.

Three other scientists involved in secret military projects have died recently, and a fourth disappeared three months ago.

Police said Sunday that Peter Peapell, 46, a Ministry of Defense scientist until 1984, died Feb. 22 from carbon monoxide poisoning. Mr. Peapell was found under his car in the garage of his Oxfordshire home with the car engine running and the garage door shut, they said. The inquest into his death left the case open, but police said no further inquiries were in progress.

### Soares, Facing Crisis, Back in Lisbon

LISBON (Reuters) — President Mario Soares returned to Portugal from an official visit to Brazil on Sunday, facing a political crisis that has toppled the country's center-right government and undermined confidence in its expanding economy.

Prime Minister Anibal Cavaco Silva's 17-month-old minority government collapsed Friday after a censure motion was approved in parliament by three leftist opposition parties.

Mr. Soares, who had been on a 12-day visit to Brazil, must decide whether to form a new government or call an early election.

### French Socialists Leave '88 Race Open

LILLE, France (AP) — The French Socialist Party adjourned its annual congress here on Sunday without naming a formal candidate for the presidential elections in May 1988, allowing President Francois Mitterrand, a Socialist, to remain unopposed in his own candidacy.

The decision also signaled a drive by the party's second-most popular leader, the former agriculture minister, Michel Rocard, to become the party's official second choice should Mr. Mitterrand decide not to stand.

Mr. Mitterrand may publicly announce his plans only at the party's Socialist Party congress, scheduled for early 1988, observers said, or even at the last possible legal chance, three weeks before the election.

### Craxi Says Italian Crisis Is 'Solvable'

RIMINI, Italy (Reuters) — Prime Minister Bettino Craxi said Sunday that the country's months-long government crisis could be resolved if all sides showed reason and a willingness to overcome political differences.

Speaking here at the end of a Socialist Party congress, which he closed him as party leader on Saturday, Mr. Craxi said, "Of itself, the crisis is easily solvable if reasonable paths are taken and everyone shows real willingness."

Mr. Craxi, whose five-party coalition government resigned last week, was referring to the Christian Democrats, with whom the Socialists are fighting a battle for political power and prestige. After a month of efforts to reassemble the outgoing coalition, Mr. Craxi said, "I am confident that President Francesco Cossiga will be able to send Mr. Craxi's government back to parliament for a vote of confidence this week."

### For the Record

Pakistan's prime minister, Mohammad Khan Jinnah, expressed optimism Sunday on an eventual Soviet troop withdrawal from Afghanistan. Mr. Jinnah was in England for talks with British leaders on his nation's relations with New Delhi and Kabul.

President Chaim Herzog of Israel will travel to West Germany Monday on the first visit there by an Israeli head of state.

Twenty political activists were hospitalized with gunshot wounds Sunday after clashes between supporters of Malta's two major parties, the governing Labor Party and the opposition Nationalist Party. General elections are set for May 9.

Iraq has expelled a U.S. military attaché assigned to the embassy in Baghdad, U.S. News & World Report reported Saturday. The attaché was expelled after he was arrested in Kuwait for trying to read the writing on crates being unloaded there from a Soviet plane.

King Hussein of Jordan and King Hassan II of Morocco, meeting in Rabat, appealed Sunday for an immediate end to the Iran-Iraq war and said they supported the calling of an Arab summit meeting.

### TRAVEL UPDATE

A two-day strike by flight attendants at Air Inter, France's domestic airline, forced cancellation of 50 of the 200 scheduled flights on Sunday, the company said. Air Inter said it expected about 90 of Monday's 300 scheduled flights would be canceled.

### Correction

Due to an editing error, a story in Saturday-Sunday editions misstated the level of Australian exports to Japan. Australia's total annual exports to Japan are worth about 10 billion Australian dollars.

### DOONESBURY



## MARINE: Security Review Widens

(Continued from Page 1)

Moscow embassy case, the lawmakers said.

The two congressmen arrived Sunday in Moscow on a mission intended to assess the damage and consider remedial actions after Soviet agents reportedly obtained access to the interior of the U.S. Embassy with the help of U.S. Marine guards.

Mr. Mica said preliminary estimates were that it would cost more than \$20 million just to replace cryptographic and other equipment believed to have been compromised in the Soviet visits to the sensitive facility.

"This is only the tip of the iceberg," he said.

The Moscow embassy at present has moved back to the "pre-electronic age," according to Mr. Mica.

He confirmed reports that Secretary of State George P. Shultz is expected to operate from a house trailer when he arrives in Moscow next week to negotiate with senior Soviet officials.

■ New Embassy Assailed

The new \$191 million U.S. Embassy in Moscow is riddled with hidden KGB listening devices, will never be secure and should be torn down and replaced at Soviet cost, the former vice chairman of the

Senate intelligence committee said Sunday, The Associated Press reported from Washington.

Under a 1972 agreement, the U.S. government allowed the Soviet embassy building to be built by Soviet workers, with many prefabricated modules assembled off the site, away from U.S. supervision.

"Our general contractor is the KGB for our embassy over there," said Senator Patrick J. Leahy, the Vermont Democrat who was vice chairman of the committee. "When you come right down to the bottom line, that is what it is."

Listening devices have been found in the bricks and steel girders of the nearly completed office building, government officials say.

"The fact is that this embassy can never ever be made secure. Ever," Mr. Leahy said in a television interview. He said the United States should "require payment from the Soviets for the damage that has been caused or not allow them to go into their own embassy in Washington."

Mr. Hartman, the former ambassador, said a 1977 agreement blocks the Soviet Union from moving into newly constructed office space on Mt. Alto, one of the highest hills in Washington, until Americans occupy the Moscow site.

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President of the Executive Board  
and General Manager**Swiss Bank Corporation's message to the International Herald Tribune:**

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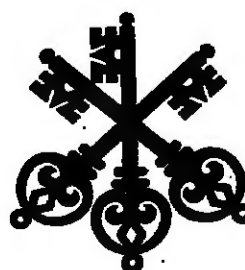
115 years of existence is that the more the marketplace knows, the better we can compete.

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## Key 1986 figures for the key Swiss bank

	SFr. million	
Total Assets	137 827.8	+ 7.7%
Capital and Reserves	8 473.8	+ 14.7%
Cash Flow	1 332.4	+ 10.6%
Net Profit	674.0	+ 11.7%
Number of Employees	15 775	+ 6.4%



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## U.S. Seismic Devices In China Monitor Size Of Soviet Nuclear Tests

By Michael R. Gordon  
New York Times Service

WASHINGTON — The United States is using monitoring devices in China to improve estimates of the size of Soviet nuclear tests, according to Defense Department documents and interviews with administration officials.

The seismic devices, which are manned by Chinese workers, have been installed under a U.S.-Chinese program to study earthquakes. One device is in the Xinjiang Uygur Autonomous Region, near the Soviet nuclear test site, and the Defense Department will use data from this and other instruments to improve U.S. monitoring abilities.

The data will "improve our yield estimation" of Soviet nuclear explosions, according to a budget document prepared last year by the Defense Advanced Research Projects Agency, part of the Pentagon.

The document also said the data would be useful in improving U.S. "discrimination capability" to distinguish Soviet nuclear tests from earthquakes. Such an ability would be necessary to monitor a low limit on the size of underground tests or a total ban on testing.

The budget document was obtained under the Freedom of Information Act by William M. Arkin of the Institute for Policy Studies, a nongovernmental research center. It was later made available to The New York Times.

Some U.S. government experts have long been interested in establishing a way to monitor Soviet nuclear tests from China. But China has resisted overt efforts at gathering intelligence about the tests.

Last year, specialists at the Energy Department, which manages the nuclear testing program, expressed interest in negotiations with the Chinese to set up an advanced array of sensitive seismic devices in China to monitor Soviet tests, particularly explosions of very low yield.

The State Department advised against such a move, arguing that the proposal was politically sensitive for the Chinese and that Washington should adopt a go-slow approach.

The Energy Department's plans were disclosed in budget documents last year, before the United States and China had decided whether to conduct such talks. The disclosure distressed the Chinese, and the effort was dropped.

Despite this controversy, China and the United States proceeded with a separate project to establish nine monitoring stations in China,

primarily for studying and predicting earthquakes. The network was completed last year, using equipment made by China, the United States and other Western nations, under an agreement between Chinese government seismologists and the U.S. Geological Survey.

China and the United States share the cost of the network, and the Defense Research Agency pays most of the U.S. costs.

U.S. officials said that although the network was completed last fall, minor technical problems still were being worked out. The officials said there was a delay of several months in receiving and analyzing the data from China. As a result, the United States has not had a chance to evaluate data on recent Soviet tests, which began in February, when Moscow ended an 18-month moratorium.

In 1981, it was reported that the United States and China were secretly operating an electronic intelligence-gathering station in China to monitor signals from Soviet missile tests. That project is different from the installation of the seismic devices, which is being done openly and primarily for scientific research.

Data on the size of Soviet tests are important because of the need to determine whether the Soviet Union is complying with two treaties from the 1970s that set a limit of 150 kilotons for underground nuclear explosions. A kiloton represents the explosive force of 1,000 tons of TNT.

## Cambodians Battle On for Economic, Political Independence

By Keith Richburg  
Washington Post Service

PHNOM PENH — The streets of this capital, deserted in the late 1970s when the Khmer Rouge regime forcibly evacuated the population, are now crowded with bicycles and motorcycles.

Private markets display imported goods from Thailand and Singapore. Many of the buildings that had been gutted and blackened by earlier wars are being renovated.

In a country that is still half at war, Phnom Penh — perhaps one of the world's most politically isolated capitals — is struggling to present an air of normalcy.

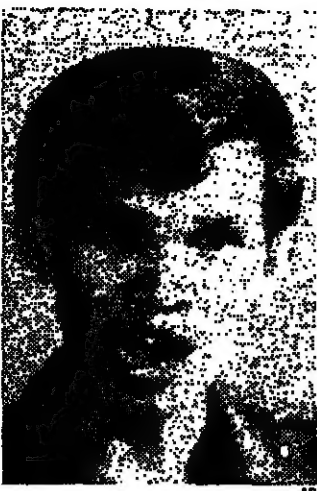
Ever since Vietnamese troops invaded Cambodia and installed a sympathetic government here in 1979, a resistance group led by the ousted regime of the Communist Khmer Rouge has waged a guerrilla war that has remained largely hidden from public view.

Many analysts now call this war a stalemate. Here in the capital few signs of the fighting are evident. Phnom Penh's surface tranquility is occasionally disrupted, though, by signs of the distant war against the coalition of resistance fighters backed by their powerful patrons: China, the United States and the non-Communist countries of Southeast Asia.

Young men in uniform, amputees, move on their crutches from shop to shop collecting handouts. Elsewhere, more than 100 other youths of the city's militia practice hand-to-hand combat.

In a week-long visit here, much of which was tightly controlled by the government, it was difficult to assess much of what has happened to this country in its eight years of Vietnamese-backed rule.

The Vietnamese are present but



'We can prepare our own food now, so the number of Vietnamese experts has been considerably reduced.'

— Hun Sen,  
prime minister of  
Cambodia

discreet. Soldiers stroll casually and unarmed in the markets, and foreign workers here say Vietnamese advisers keep a low profile in the government ministries.

Cambodian officials say they are growing independent of Vietnam's technical assistance and that the number of Vietnamese in the government is declining. While that oft-repeated claim could not be independently verified, it seems likely that this government has managed to build a functioning administration of Cambodia's ethnic Khmers.

At the same time, though, Cambodian officials privately express worries about an influx of poor Vietnamese, many from the former South Vietnamese capital of Saigon, whose competition for jobs may risk alienating Cambodians from the power that supports their government.

It is clear that Soviets and East Europeans play an important role in helping to rebuild Cambodia. Government offices display portraits of Lenin and Marx, and occasionally of Ho Chi Minh, the late Vietnamese Communist leader.

Cambodians in the streets assume that foreign visitors are Soviets. The apparent calm here in the capital seems to belie the most strident claims of the three Western-backed resistance forces: the 40,000 member Khmer Rouge who ruled from 1975 to 1979 under Pol Pot; a smaller group loyal to the longtime monarch, Prince Norodom Sihanouk; and a newer, badly fragmented non-Communist group.

Their propaganda broadcasts, issued in neighboring Thailand, would make one believe this was a city under siege.

Last week, the Khmer Rouge leader, Khieu Samphan, the "for-

ign minister" in the shadow resistance government, claimed in Bangkok that rebel forces were threatening outlying areas of Phnom Penh. A drive through the outskirts en route to the city the day after that claim revealed no visible signs of such a threat.

With an official guide, two reporters were able to talk to Cambodian officials, including the prime minister, Hun Sen.

On their own, with no government officials present, the reporters were able to interview foreign relief workers and diplomats. They also walked the streets and visited marketplaces.

On the surface, the city seems to have shrugged off the violent upheavals of its past as it slowly returns to life. Beneath the calm is an undercurrent of uncertainty, as the continuing war takes a largely unseen toll.

"The biggest effect of the war is psychological, because it tends to make people uncertain about the future," said one foreign resident who works with a relief agency here and has daily contact with Cambodians.

"It also makes people more paranoid," the relief worker said. "People are afraid to stick their necks out and take any initiative, because they don't know who's going to be in charge next year."

The war also takes an economic toll, diverting resources and scarce manpower. The male population remains devastated following the mass carnage of Pol Pot's purges.

Cambodian officials claim three million people died from starvation, disease or execution. Even so, the government exhorts young men to enlist and fight against Pol Pot's return.

Despite the war, the city has shaken off the physical signs of its violent past. Main streets are free of the skeletons of burned-out automobiles, once testimony to Pol Pot's rampage against "elitism."

The city's Vietnamese population, which either fled or was killed during Pol Pot's regime, is returning to work, as tailors, restaurant workers, food vendors and as prostitutes.

Resistance leaders based in Bangkok say Hanoi is deliberately using the Vietnamese migration to colonize Cambodia. The prime minister, Hun Sen, said the growth in the Vietnamese population was simply the result of the natural return home of many who had fled.

"According to the enemy propaganda, there are no Khmer in Phnom Penh, only Vietnamese," Hun Sen said. "You will probably meet more Chinese than Vietnamese in Phnom Penh."

He estimated the current Vietnamese population at about 60,000, a little more than 10 percent of the half-million Vietnamese who lived here until Lon Nol began purging them in 1970.

The Vietnamese presence here is a source of some tension, exposing deeply rooted historic animosity between Vietnamese and the Khmers.

One official here expressed concern that the increasing presence of the South Vietnamese "vagrants" might quickly exhaust the good will Hanoi had built up here by "liberating" Cambodia from the hated Pol Pot.

It is impossible to gauge the extent of the Vietnamese presence in, or its influence over, the government here after such a brief visit. Foreign relief workers who deal regularly with the ministries say

they never see the omnipresent Vietnamese "advisers."

Hun Sen and other officials said the number of Vietnamese in the government has declined significantly since 1979. They look forward to the day when the government will be entirely Khmer.

"We need to [prepare] enough food to make a meal," Hun Sen said. "If that food is prepared by our own hands, the food will suit our tastes better. In 1979, of course we needed food, but we could not prepare it by ourselves. So we needed Vietnamese hands to help. We can prepare our own food now, so the number of Vietnamese experts has been considerably reduced."

It appears, at least, that the government has built an ethnically Khmer administration after most of the country's native technicians were exterminated by Pol Pot.

The first group of several hundred Khmer agricultural engineers will be graduated next year to replace some of the foreign experts, according to the deputy agricultural minister, Chhen Song. The medical school has trained several hundred new Khmer doctors and there have been no Vietnamese on its faculty since 1979, according to the school director, My Samedy.

The Cambodian government has relied not only on Vietnam, but on the Soviet Union and its allies, Vietnamese and Bulgarians comprise the medical staff of the Revolution Hospital. Czechoslovaks, East Germans and Soviets each supply the staffs of other hospitals here.

"We have sent thousands of our students to the Soviet Union and other eastern countries for training," Hun Sen said. "Each year, hundreds of them with higher education return home."

## Australia Cites French Role in Region, Seek Talks

By Michael Richardson  
International Herald Tribune

CANBERRA — In a gesture to ease strains in relations with France, Foreign Minister Bill Hayden has said that despite differences over French nuclear testing in the Pacific and other issues, Australia believes that France has an important role to play in the region.

Mr. Hayden said in an interview that he would visit Paris in May for a meeting of the Organization for Economic Cooperation and Development. He said he would be prepared then to hold talks with the French foreign minister, Jean-Benoist Raimond.

He said that the government of Prime Minister Jacques Chirac would first have to end a ban on ministerial contacts with Australia.

In January, France suspended ministerial visits between the two countries and expelled Australia's consul general in New Caledonia for allegedly having improper contacts with the New Caledonia independence movement led by indigenous Melanesian Kanaks.

Canberra denied the charge. Australia and the 12 other independent or self-governing countries in the South Pacific Forum have criticized French nuclear testing at Mururoa atoll in French Polynesia and the Chirac government's plan to hold a referendum on the future of New Caledonia, which is a French Pacific territory.

Mr. Hayden said French nuclear testing "extraordinarily provocative." He said he did not think that France understood the depth of feeling about it in the Pacific.

On a visit to New Caledonia in August 1986, Mr. Chirac described Prime Minister Bob Hawke of Australia as "very stupid" for warning that there could be renewed violence in New Caledonia if the issue of self-determination was not carefully handled.

However, Mr. Hayden said that despite differences over political issues, there was "a deep well of affection for France" in Australia.

Mr. Hayden said he believed that France "as one of the great Western and European powers also has

an important presence in the region. That is another reason why I want to see them remain."

He said that Australia had for a long time used its influence to restrain other members of the South Pacific Forum from raising the New Caledonia issue at the UN.

He also said he had told Kanak leaders that "while we respect the search for some form of independence, whatever they do they should do with the goodwill of France and retain the financial support the French provide at the moment because no one else is going to step in and fill that gap."

The Chirac government has said it would hold a New Caledonia referendum offering independence or autonomy within France.

Proposed legislation on the referendum, which would give the vote

to people who have lived in New Caledonia for more than three years, are due to be debated by the French National Assembly soon, possibly this week.

The main pro-independence party in the territory, the National Kanak and Socialist Liberation Front, has said that only Melanesians and second-generation settlers should be allowed to vote.

Mr. Hayden said that the front's proposals to limit the franchise were too restrictive.

However, he said that France had been wrong to abandon an earlier plan offered by the Socialists. He said France should delay the referendum to allow time for political education in the territory and should include other options in the plebiscite.

## A Kenyan Opposition Leader Assails 'Tyranny and Cultism' in Government

Washington Post Service

NAIROBI — In the boldest public challenge to the authority of President Daniel arap Moi since a crackdown on dissent began here more than a year ago, a well-known opposition politician on Sunday denounced "tyranny and cultism" in the government and accused it of subjecting dissidents to "brutal and inhuman" treatment.

Oginga Odinga, a former vice president and longtime opposition leader who has broad political backing in western Kenya, said that the government has consistently used detention without trial to "silence criticism and opposition."

"The narrow and exclusivist base upon which the government is working means that those who manage the affairs of the state are so sensitive to criticism that they cannot draw a clear distinction between constructive criticism of government policies and subversion," said Mr. Odinga.

Mr. Odinga has been identified with the ideological left in Kenya since the mid-1960s. His strong political power base among the Luo, Kenya's second largest tribe, has made him a potential threat to Kenya presidents. He was placed under house arrest by Mr. Moi for 18 months following an abortive coup in 1982.

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# Herald Tribune

Published With The New York Times and The Washington Post

## Averting a Trade War

The finance ministers who gather in Washington this week, in yet another attempt to sort out the world's economic ills, will see what is left of the blossom on the cherry trees that Japan presented to America 75 years ago. They may not see much more beauty during their stay. The fruit seems sour, and relations between the two countries are at a low ebb. But the problems go beyond the purely bilateral. The fortunes of the world may be at stake.

The new trade war between the United States and Japan, if it takes place, will have emerged from limited origins; it could still be contained. The computer chips that Japan allegedly is dumping in foreign markets, to the detriment of U.S. producers, are hardly a major element in world trade. Ironically, many American computer companies rely on them and relish their cheapness. So Washington, stung into action, is not heaping countervailing taxes on the offending chips but on other electronics products that the errant Japanese companies sell on the U.S. market. If the drama stopped there, no great harm would be done.

But weeds spread fast. Japan may feel forced to retaliate, even though new steps to keep U.S. goods at bay would push the yen still higher and handicap Japanese exports more. And as Japan shifts its export offensive away from America, Europe will be tempted to raise its barriers against Japanese goods.

Trade restrictions have no role in solving today's world economic problems. Japanese trading tactics are impure by internationally agreed standards, but they have not gotten clearly worse. The global economic malaise is not just the result of imbalance between the United

States and Japan. About 20 percent of Japan's vast surplus is with Europe, and the proportion is growing. Two-thirds of the U.S. deficit is with countries other than Japan. These imbalances reflect basic economic mistakes more than hostile trade tactics. They originate in America's excessive domestic demand, which it cannot satisfy without a big trade gap, and the deficient levels of demand in Japan and West Germany that have forced them to export far more than they import.

There is much to talk about beneath the blossom, but there was enough talk when the same finance ministers met, with singularly little result, in Paris in February. The world needs action. But neither President Ronald Reagan nor Prime Minister Yasuhiro Nakasone now enjoys the same political ascendancy as last year, and Chancellor Helmut Kohl shows small initiative. Unfortunately, these are the leaders who must act if the imbalances threatening the world trading system are to shrink.

There is still time, but precious little, to avert the war. April 1987 may be the economic equivalent of August 1939—the last chance. Perhaps the market disturbances that followed America's late-March salvo may help, showing governments how risky it is to strike matches to detect a gas leak. Trade barriers, by weakening confidence, simply expose the nether regions of an economy to sharper kicks from the market. This week's talks, hampered by domestic politics in the leading countries, may not manage any positive action. But they might limit the damage from negative action—the introduction of new obstacles to international trade.

INTERNATIONAL HERALD TRIBUNE.

## Chile Needs a Unifier

General Augusto Pinochet rules Chile by default as well as by force. He is surrounded by opponents but they, unlike those who supplanted dictators in Argentina and the Philippines, have yet to transform themselves into a viable political opposition. Beyond the courage to speak out, these opponents need the wisdom to transcend division and establish a new pragmatic consensus.

Perhaps Pope John Paul II's journey there will help. Though he insisted his mission was pastoral, he joined a global chorus of criticism denouncing the Pinochet regime's human rights atrocities. He, like the Roman Catholic Church in Chile, the U.S. Embassy and a range of Chilean political parties, expressed hope for an early transition to democracy and urged paths of conciliation and peace. But all the criticism, while warranted for torture, murder and terrorism, is not the same thing as construction of an effective political alternative. Since 1973, General Pinochet has dominated Chile because he has been able to exploit the divisions that vitiate his opponents' strength.

Compare Chile's situation with that of other societies struggling with a transition from dictatorship to democracy. Consider, as the pope did, the positive example of the Philippines. Chile may have its Ferdinand Marcos, perhaps even its Cardinal Jaime Sin. But who will be its Corason Aquino? Who will unite its opposition factions into a force that can govern successfully?

Consider Argentina, the pope's other main destination this trip, whose historic divisions run as deep as Chile's. In Raúl Alfonsín, Argentina found a democrat who could unite most of those who wanted to end military rule. It hastened matters that Argentina's military was first humiliated by losing the Falkland War. But even when dictatorship is discredited, democrats must still come up with workable alternatives.

Likewise consider South Korea, where internal and external forces jockey to influence the succession to General Chun Doo Hwan. Can democrats temper high principle with sufficient pragmatism to arrive at a unifying succession formula?

Deep divisions opened up among Chilean democrats as early as 25 years ago. In a recent poll, Chileans favored a government that would resemble the pragmatic conservative government of the early 1960s, rejecting not only the Pinochet model but also the ideologically divisive Christian Democratic and left coalition governments that immediately preceded it.

Yet it is the Christian Democrats and parties of the left that today dominate the anti-Pinochet forces. Their bitter antagonisms helped General Pinochet emerge in power in the first place, and may well keep him in power until a Chilean Aquino or Alfonsín emerges with a political program that is both practical and principled.

—THE NEW YORK TIMES.

## The Games Airlines Play

Air travel may be cheaper than it used to be, but anyone who tries to rely on it these days knows only too well how unreliable it can be. Overbooking is no longer an occasional event, it is a nasty habit of airlines, accompanied by little games to distract from the deception. Ticket-holding travelers arriving well in advance of alleged take-off times are told that, sorry, they lose—but they are eligible for another flight at some point or maybe even a free flight to somewhere else some other day. With luck—and perhaps an in-cabin, on-the-ground auction/raffle up and down the standing-room-only aisle—enough carefree travelers may take the bait to make room for those who have to keep an appointment.

The other side of overbooking, and it is difficult to document, is the undersold flight that somehow gets delayed or canceled for some vague reason. All these delays that stem from totally unrealistic flight scheduling at airports that cannot possibly handle such volume, and you have the makings of unreliable, unacceptably service that screams for better oversight.

Is this a consequence of airline deregulation? Yes. But the answer is not a return to

the old days of minimal competition and artificial fare structures. The competition that drove many routes downward on the more heavily traveled routes has created a new market for standby passengers willing to entertain bonuses and seats on later flights; and in some instances lower fares may have tightened airlines' budgets enough to inspire some "cancellations" due to nothing more than a rash of empty seats.

But deregulation is not and should not be absolute. Just as it does not mean the dropping of safety regulations, it should not mean a hands-off policy when it comes to passenger service, flight schedules and computer reservation service. Transportation Secretary Elizabeth Hanford Dole has outlined some of the changes in air traffic procedures that are under way; still others are called for, including more facilities, more air controllers and more sophisticated equipment. But America's airlines, whatever their names and routes turn out to be on any given day, should be on notice that an increasingly angry traveling public is looking to government for standards of service and enforcement to make the rules stick.

—THE WASHINGTON POST.

## Other Comment

### Assessing Thatcher's Visit

Nobody should complain that Mrs. Thatcher signaled her interest in human rights (during her Moscow visit). But, insofar as the prime minister still links arms control and human rights, she remains mistaken. Arms control agreements should be allowed to stand or fall on their intrinsic merits. [They] need to be to the clear and equal

advantage of both sides. To achieve that is hard enough, without introducing linkage. —The Independent (London).

Too much attention has focused on arms control [when] it is the level of mutual trust between East and West that is most important. In strengthening this, Mrs. Thatcher's visit must be considered entirely successful. —The Daily Telegraph (London).

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## The Flaws in the Afghanistan Negotiations

By M. Ishaq Nadiri

NEW YORK — While a flurry of diplomatic activity is under way to resolve the conflict in Afghanistan, the negotiations are basically flawed. They avoid the central issue in the conflict and would fall well short of assuring a durable solution.

A recent Soviet proposal makes the formation of a "national reconciliation" government a condition for the withdrawal of Soviet troops. Since such a government would basically be organized and dominated by Kabul's current rulers, the Soviet initiative is an attempt to consolidate by diplomatic means what it has all along sought to establish in Afghanistan: a Communist regime.

The Soviet game plan since 1979 has been to legitimize a Communist-dominated government. The Kremlin now wants to assure its survival by obtaining guarantees from Pakistan and the United States to cut off aid to the Afghan resistance before Soviet troops are withdrawn. It is likely, however, that the war continues without outside support for the guerrillas, the Kremlin will nevertheless find an excuse not to withdraw all its soldiers.

Recent Soviet moves are also intended to create political confusion in Pakistan and register propaganda gains in the Moslem countries, America and developing nations that support the Afghan cause.

All along, the central issue of the conflict has been the illegitimacy of the Communist regime imposed by Moscow and the cruel methods used to force the population to accept its ideology. As a result, the population has suffered 1 million to 1.5

million casualties; the world's largest refugee population consists of Afghans; thousands have been tortured and thousands of children have been taken to the Soviet Union for indoctrination; and widespread destruction of farms and livestock has occurred, causing starvation and malnutrition.

The irony is that the issue of self-determination, for which the Afghans have made enormous sacrifices, is not being explicitly considered in the negotiation process. The guerrillas are excluded from the process while the regime in Kabul is involved in it. Yet a stable government cannot be established if the guerrillas and their supporters are excluded.

The United Nations Security Council can remedy these deficiencies by organizing an international conference to address key concerns.

First, the issue of the self-determination and freedom of the Afghan people must take center stage, and a framework should be developed to allow all Afghans to elect a future government. This should prevent the current regime from sponsoring and organizing such an election.

Second, all issues between the Soviet Union and Afghanistan should be discussed between a representative government in Afghanistan and officials of the Kremlin. Only a representative government can provide guarantees for the Afghan people and provide the needed stability in relations among the governments of the region.

Third, the neutrality of Afghanistan must be guaranteed. This should entail abandoning the Soviet military bases that have been constructed, abrogating the friendship treaty signed by Kabul and Moscow, returning the annexed Afghan territories and giving assurances that there will be no further interference in Afghanistan's internal affairs.

Fourth, these political steps must be accompanied by a program of economic reconstruction.

Resettling as many as six million refugees from Pakistan and Iran, rebuilding villages, cities and roads that have been destroyed and restoring the agricultural sector will require sustained and substantial aid. Absent such an effort, the return of the refugees remains doubtful. And for humanitarian reasons, the Afghans should be given the means to put their society back together; an international fund should thus be set up under UN or World Bank auspices. In sum, the fate of the Afghans must not be decided without their participation.

In addition, rebuilding the Afghan economy is an obligation of the international community. What is now required is a serious diplomatic effort to settle the conflict and end the bloodshed. In the long run, this would be in the best interests of both Afghanistan and the Soviet Union.

The writer is a professor of economics at New York University. He contributed this comment to The New York Times.

## America's Spy-Catchers Need Help

By Allen E. Goodman

WASHINGTON — The compromise of security by marine guards at the U.S. Embassy in Moscow is the latest evidence that the American government's system for protecting secrets at home and abroad is grossly inadequate.

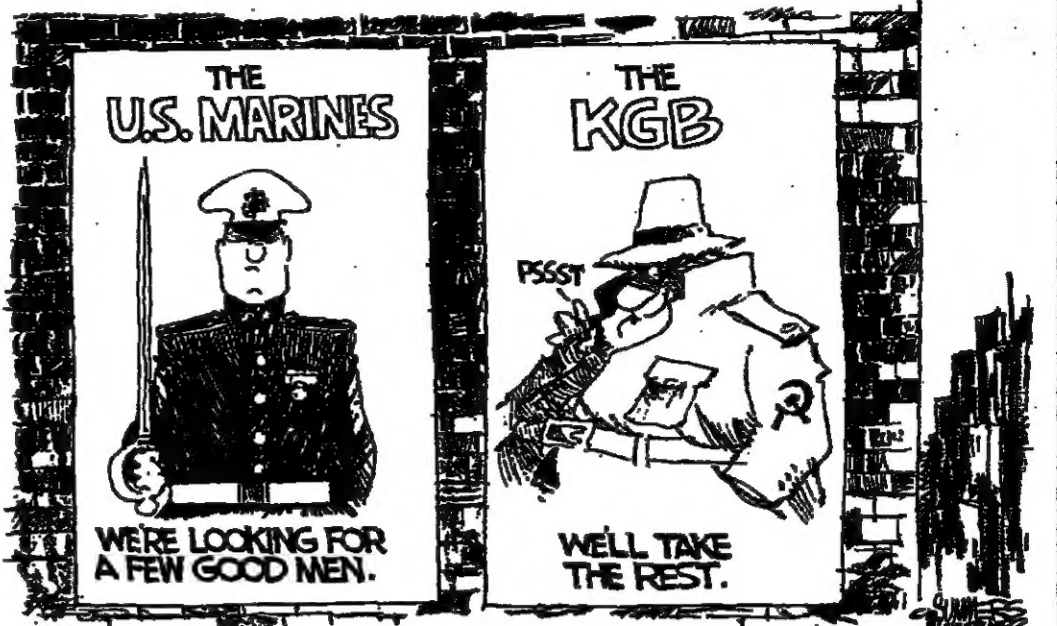
Though more spies have been arrested and convicted in the past two years than in the past two decades combined, the U.S. counterintelligence effort has failed to live up to expectations on almost every score.

In February, before the Moscow incident, America's spy-catchers received a failing report card from the House Permanent Select Committee on Intelligence. The report recounts a "litany of disasters," stemming from "lax security practice, inadequate interagency cooperation, even bungled surveillance of a prime espionage suspect," and says this points to a "serious management failure in the U.S. intelligence community."

Part of the remedy is to increase the efficiency of the budget for counterintelligence operations. The spy-catching offices are second-class entities in the U.S. intelligence profession and consistently receive low priority when competing for funds and personnel with bureaus involved in intelligence collection.

But the most recent problems make me think that the Reagan administration should go even further and consider creating a single counterintelligence agency with its own budget and career service. Spreading the counterintelligence mission across many agencies, some of them in competition, weakens the overall effort. A single agency would facilitate the coordination of operations and information-sharing.

By taking the job of counterintelligence more seriously and handling it in a more centralized way, the government could be much more effective at deterring foreign powers from trying to subvert American



citizens into becoming their agents, and at detecting security violations and serious compromises sooner.

Critics will say that such an agency would become an American KGB. Some oppose intensified efforts to investigate the backgrounds and activities of citizens who have access to sensitive information.

Admittedly, the counterintelligence job is a difficult one for American agencies to conduct. As Admiral Stanfield Turner, who was director of central intelligence under President Carter, wrote in a recent book: "There is no area of intelligence activity more likely to abuse the rights of our citizens."

The challenge is to do counterintelligence without turning America into a police state. It can be met by creating a clear, comprehensive charter under which such a new agency would operate, one that would safeguard Americans' civil liberties.

Revising counterintelligence should be an urgent priority for the incoming director of central intelligence, William Webster.

The writer, an associate dean at Georgetown University's School of Foreign Service, served as an assistant to the CIA director in the Carter administration. He contributed this comment to the Los Angeles Times.

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## The Microchip Mess: A Bad Ending to a Bad Accord

By Hobart Rowen

WASHINGTON — The Reagan administration's punitive trade action against Japan for continuing to sell microchips below cost is the direct result of an unenforceable cartel agreement it made with Japan in July that attempted to fix worldwide prices for semiconductor chips.

It is clear in retrospect, as it was to some officials from the start, that this deal was unworkable. Semi-conductors were and are in huge oversupply and any attempt to set prices above Japanese costs was doomed to failure.

They were right: Once set in motion, the cartel deal self-destructed. But it led to a unanimous decision to slap a \$300 million tariff penalty on Japanese electronics companies. The events leading to that March 27 decision by the Economic Policy Council indicate that President Reagan's weakened power played a key role in the council's action.

In more normal circumstances, a high official said, if it had become apparent that the microchip accord

was a mistake, a discreet decision would have been made to scrap it. But with Mr. Reagan's weakened status following the Iran-contra affair, and in the face of a determined bipartisan protectionist drive on Capitol Hill, the administration succumbed to political pressure.

When the Senate called for retaliation against Japan by a nonbinding 93-0 vote, the message for the president was clear. "He made a good move," said Senator Max Baucus, Democrat of Montana, "because sometimes you have to act to establish credibility."

The reason the effort to fix the price of semiconductors was doomed was that the Japanese government undertook three commitments, two of which it could not guarantee. The first was to quit dumping the microchips in the United States, and as of now, the U.S. side concedes that such dumping has stopped (and American

users say the price has gone up). But the other two undertakings were foolhardy. Japan agreed to stop its companies from dumping microchips in third and fourth markets, though it has no real control over what goes on in those markets; and it agreed to boost American semiconductor sales in Japan beyond the existing 9 percent mark—but its primary mechanism for doing so was simple persuasion.

Commerce Department officials, of course, contend that Japan has plenty of ways of controlling third-market microchip prices and of assuring greater access to its own market. Whatever happens, the March 27 retaliation caused shock waves in financial and exchange markets that stunned administration officials, and that receded only as hints were leaked in midweek that both Japan and the United States would seek a way out.

Administration officials did not anticipate, as they should have, that the world would read their action as an invitation to a trade war, as well as the scuttling of an agreement to stabilize exchange rates.

Thus, it was no coincidence that for the first time since mid-1984, American banks boosted the prime lending rate. On Jan. 28, the Japanese central bank governor, Satoshi Sumita, had warned that Japanese investors might lose their huge purchases of U.S. Treasury issues if the dollar fell further against the yen. These purchases have been helping to finance the U.S. budget deficit, while keeping interest rates low.

Financial markets saw in the U.S. action on microchips a key turning point in Japanese-American economic relationships, one that promised increased tension, higher interest rates and moves by the Federal Reserve System to tighten credit.

Ironically, the "hawks" within the administration, led by Secretary of Commerce Malcolm Baldrige, forced the sanctions just at the moment when the U.S. trade deficit appears poised for a turnaround.

Michihiko Kumihira, an adviser of Prime Minister Yasuhiro Nakasone, offered statistics showing that in volume terms, Japan's exports decreased 12 percent last year while imports increased 12.5 percent. That shift does not yet show up in dollar terms because the huge shift in the yen-dollar exchange rate overstates the value of Japanese exports and understates the value of U.S. exports. This does not alter the fact that the Japanese still have a whopping surplus.

Unhappily, events have conspired to force the Reagan administration to use a blunderbuss when smaller arms are called for. The test now is to see how relations can best be repaired.

The Washington Post.

## Aquino Gets the Economy Rolling Again

By Bernardo M. Villegas

MANILA — The arrival of all-out war between government forces and rebels in the Philippines has not diminished the strength of an economic recovery propelled mainly by a buoyant domestic market. Asia's iron lady, Corason Aquino, has not hesitated to "use the sword" as she promised in a speech in September to the U.S. Congress. The time for negotiation is over, and the military is in hot pursuit of the rebels. They in turn have escalated their terrorist acts.

Despite all this, the reconstruction of the nation's badly damaged economy is moving rapidly.

Industrial production posted a 3.2 percent increase in the fourth quarter after falling more than 20 percent over two years. Construction activity has picked up at an annualized rate of over 10 percent, causing shortages of cement and roofing materials.

Especially heartening to businessmen selling to the domestic market—undoubtedly the engine of growth for 1987 and 1988—is the extraordinarily strong recovery of consumer products, such as processed food, beverages, cigarettes and garments. The last quarter of 1986 saw consumer sales rising 20 to 25 percent from year-earlier levels. This growth was maintained in the first two months of this year in most categories.

Already, some local and multinational companies making food, beverages, pharmaceuticals and other consumer products are expanding plant capacities to cope with stronger demand, which is expected to rise further in the second half because of government pump-priming.

The economy turned around in the third quarter of last year and is on the road to this year's target of 6 percent growth in gross national product. Despite Mrs. Aquino's problems last year with the rebels, the military and even her cabinet, the economy grew more than 3 percent in the last quarter, raising the average GNP for the year to a positive 0.18 percent, after two years of declines. Agricultural production grew at 3.2 percent last year, an important gain for a government that says food production is the linchpin of economic recovery.

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The Philippines still has a long way to go. What has been accomplished, however, shows that Mrs. Aquino has the savvy and the determination to overcome the remaining obstacles to the Philippines joining the ranks of Asia's newly industrialized countries before the decade is over.

The writer is senior economist at the Center for Research and Communication, a private think tank in Manila. He contributed this comment to the International Herald Tribune.

SIMON KING, Oxford, England.

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SIMON KING, Oxford, England.

## Barre Makes An Art of Being Out

By Jim Hoagland

PARIS — Raymond Barre, the former French prime minister who hopes to become the next president, has made an art and a science of being out of power in these turbulent times. Mr. Barre is using his political skills to outmaneuver his chief rivals, François Mitterrand and Jacques Chirac.

While they are obliged to govern, Mitterrand and Chirac are in the antipolitical. His image of "sublimely saying what he thinks and doing what he says," now serves him in his advantage, the political pundit Alain Duhamel observes. These days were problems for Mr. Barre when he left office as prime minister in 1981 with strong negative ratings.

Mr. Barre's undecided presidential candidacy also tests whether France is still a country in which serious candidates can emerge outside party structures to win elections. By maneuvering certain French values, leaders have been able to blur ideological and party lines and "assemble" an electoral majority. This appears to be Mr. Barre's strategy for the 1988 election.

A centrist whose reputation as a brilliant economist won him high-level posts under Charles de Gaulle and Valéry Giscard d'Estaing, Mr. Barre hardly hides his scorn for the muck-and-bolts organizing work of the parties and their ideological labeling. Indeed, he is attempting to turn his political weakness within the party system into his strongest asset.

To Mr. Barre's right, Prime Minister Chirac is promoting to lead France out of recession and past West Germany in five years if the French vote for him next spring and put their shoulders to the wheel of economic liberalism. The debate of Socialist rule has left France too weak for him to accomplish much in the year left to him, he now contends.

To Mr. Barre's left, President Mitterrand is urging the French not to give in to greed, but to protect the Socialist gains enacted under his reign.

The backdrop of Mr. Barre's newfound popularity is the clarity with which he has expressed his opposition to the cohabitation arrangement that Mr. Chirac's victory in the National Assembly a year ago brought into being. French voters, torn by the conflict that periodically surfaces in this arrangement, turn in relief to what they perceive to be Mr. Barre's constancy and coherence.

He has been steadily gaining ground in opinion polls here over the past six months; the most recent show him edging out both Mr. Mitterrand and Michel Rocard, the most likely candidate for the Socialists if Mr. Mitterrand does not run. Mr. Chirac's lower ratings against the two Socialist candidates have eroded his once commanding position as the right.

Mr. Barre is subtly asserting a right to the political heritage of Gaullism. "Totally," he sounds more like the general than do his rivals, though on substance, no great differences are being articulated. But voters apparently believe that he is prepared when the time comes to encounter difficult positions and to stick to them.

In a tough speech he gave on March 26 in London, Mr. Barre separated himself from the endorsement Mr. Chirac and Mr. Mitterrand gave to the "zero option" proposal on medium-range missiles. He deplored the proposed removal of NATO's ability to retaliate to an attack "by reaching Soviet soil itself from Europe."

Privately, he overrides the view that turning away from the zero option now would provoke serious public opinion problems for Western leaders. The surrender to Hitler at Munich was also done in the name of public opinion problems, he observes dryly.

But the campaign is just beginning, and Barre supporters are aware that the current positive polls register support for what Mr. Barre appears to represent, not for who he actually is. Will his favorable ratings survive the scrutiny of a long, tough campaign?



هكنا من الأهل



At a pre-election rally for the New Wafd, a rightist Egyptian party, a woman shouted party slogans into a microphone.

phone she grabbed from party leaders seated across from her. More than a thousand supporters attended the rally.

## Elections to Test Mubarak's Leadership

By John Kifner  
New York Times Service

CAIRO — "Stability, Development, Democracy" say the election banners strung across Cairo's crowded streets by President Hosni Mubarak's National Democratic Party.

Mr. Mubarak, a blunt-spoken man, has often said democracy is his main goal as president of this impoverished country with a virtually unbroken tradition of one-man rule.

But in Egypt, Mr. Mubarak cautioned during the referendum that set the stage for the parliamentary election Monday, democracy "has to be administered in doses."

An air force general, Mr. Mubarak became president in 1981 after Anwar Sadat was assassinated by Moslem fundamentalists.

The principal purpose of the election, according to political figures of all persuasions, scholars and diplomats, is to legitimize Mr. Mubarak's leadership. The president, they say, is seeking to build a national consensus around himself with an eye toward difficult times ahead.

Such difficulties include potentially unpopular belt-tightening measures to meet International Monetary Fund requirements for rescheduling Egypt's Western debt of more than \$36 billion.

The most important task for the newly elected legislature will be to nominate the single candidate in an October referendum in which a president will be chosen.

There is little doubt that Mr. Mubarak's party will win the two-thirds majority in parliament necessary to nominate him for a second six-year term.

Still, a Western diplomat said, "It's a bit of a gamble for Mubarak."

"It's clear that he wants the body that re-elected him to be seen as legitimate," the diplomat said, "and for it to be legitimate, there has to be the perception that it was fairly elected."

"If the opposition screams

bloody murder, and it seems likely to do so, it could undermine his goal of continuing down a democratic path and establishing institutions that are real and not just false expectations."

It says a good deal about the evolving nature of Egyptian politics, which are more open than in the rest of the Arab world, that Mr. Mubarak has an interest in the success of the opposition.

The campaign that has drawn the most speculation is that of an officially outlawed party, the Moslem Brotherhood.

In addition to the call for preservation of the status quo, the National Democratic Party banners carry a more subtle appeal: They

are bright green and adorned with a crescent moon, the color and symbol of Islam.

But plastered to many walls are the simple blue banners of the Ikhwan, or Brotherhood, which was outlawed after a 1954 assassination attempt on President Gamal Abdel Nasser. The banners bear Arabic calligraphy saying: "Islam is the Solution."

### Party Members Arrested

The government has arrested members of the Moslem Brotherhood, officials said Sunday. The Associated Press reported from Cairo.

Brotherhood officials have claimed that up to 1,500 members, who were active in the election campaign, were rounded up on Friday and Saturday.

But Major General Fakhr el-Din Khaled, a senior official in the Interior Ministry, said that fewer than 100 Brotherhood members had been arrested.

### U.S. Official Is Visiting Congo

Agence France-Press

BRAZZAVILLE, Congo — Chester A. Crocker, the U.S. assistant secretary of state for African affairs, arrived during the weekend for a three-day official visit.

## France Weighs What to Do Next in Chad

By Jonathan C. Randal  
Washington Post Service

NDJAMENA, Chad — The Chadian Army's rout of Colonel Moussar Gadhafi's troops in the north leaves France with a difficult decision about the next step in the long war with Libya.

Now that French military aid has paid off on the battlefield and Chadian troops continue to harry the Libyan troops as they retreat northward, officials in Paris are weighing the pros and cons of moving

the base and control the 42,000-square-mile (109,000-square-kilometer) Aozou Strip, but they worry about the logistical cost of maintaining a large Chadian border force in that barren terrain.

Colonel Gadhafi insists he bought the strip from a previous Chadian government and justifies his claim on the basis of a 1935 agreement between France and Libya, the two countries that then held colonial sway in Chad and Libya. The pact was never ratified.

The military finality of destroying the Aozou base worries those strategists who contend that the success of French policy has been to keep the Chadians, and not French troops, on the front lines. French troops returned to Chad in 1986 for the fourth time since the country became independent in 1960.

Any high-profile French military presence further north also could undermine France's diplomatic effort to persuade once recalcitrant African countries, especially Nigeria, that Mr. Habré was the victim of Libyan invasion.

Only since Mr. Habré's first big northern victory, at Fada on Jan. 2, have Africans come out openly for Mr. Habré in the Organization of African Unity. Only since then have the Chadian media stopped criticizing France for not helping more.

And paradoxically, only then did other black African allies stop doubting France's determination to help Chad, a change of mood in itself reflecting a renewed faith in their long association with the French.

Gone is strident, although private, insistence in French-speaking Africa that France conduct a full-blown war to protect Mr. Habré, and by extension the rule of the other allies. France contended that any such military presence would only play into Colonel Gadhafi's hands by justifying his accusations that the French — and Americans — were guilty of neocolonialism.



Hissène Habré and President Mobutu Sese Seko of Zaire waved Saturday during a victory parade in Ndjamena.

## Transkei Reported to Expel Mercenaries Linked to Army

United Press International

JOHANNESBURG — The Transkei tribal homeland expelled seven white mercenaries Sunday, including Ron Reid Daly, a self-appointed general, after detaining them for 48 hours, South African radio reports said.

About 30 white veterans of the 1970s Rhodesian war, employed by Transkei to build up its defense force, were arrested in a raid by black military officers on Friday.

The Transkei government, about 150 miles (245 kilometers) southwest of Durban, declined to comment on the arrests.

South African radio, which is controlled by the state, said Mr. Daly, who appointed himself major general and senior adviser to the Transkei defense force, crossed into South Africa early Sunday with six other white officers in a convoy of five cars. They apparently

were heading toward Cape Town.

At least two men were expelled Saturday, the report said, and about 30 of them may still be in custody in the Transkei capital of Umtata.

Mr. Daly was chief of the Setous Scouts, a counterinsurgency unit in the former Rhodesian Army, until Zimbabwe's independence in 1980. He then joined the defense force of Transkei.

Ciskei, another homeland neighboring Transkei, charged earlier this year that Transkei used white mercenaries Feb. 19 in an unsuccessful raid on the palace of Lennox Sebe, a Ciskei leader. The two territories have been at loggerheads for years.

The Sunday Times in South Africa said the men were arrested because black military officers were unhappy about the bungled raid in February.

## France's Role Explained

Washington Post Service

NDJAMENA, Chad — A Chadian government spokesman denied Saturday that "non-Chadian troops fought" in the battles last month that drove Libyan occupation troops out of most of northern Chad. But French military sources here confirmed the presence in northern Chad of elements of the 11th Assault Battalion attached to the French external security force, France's equivalent of the CIA. Sources in Paris said the agency had "played a crucial, clandestine and unsung role" in the north, but did not say its men were involved in the actual fighting.

France's minister of defense, André Giraud, later told a French radio station that French troops are now authorized to go north of the 16th Parallel for "peaceful missions," which are thought by military specialists to mean medical and other tasks in support of the Chadians.

French politicians are reportedly considering extending their air-defense umbrella north of the 16th Parallel.

A Centennial Message from the International Herald Tribune



### NOTES ON A CENTURY

## The Herald's Mailbag: Stamping Out Pen Names

The author of this column was a Paris Herald reporter and editor from 1939 to 1933, when he returned to the States to join the Baltimore Sun. He has published many short stories, essays and novels and today, in retirement, continues to contribute to the Sun's editorial page.

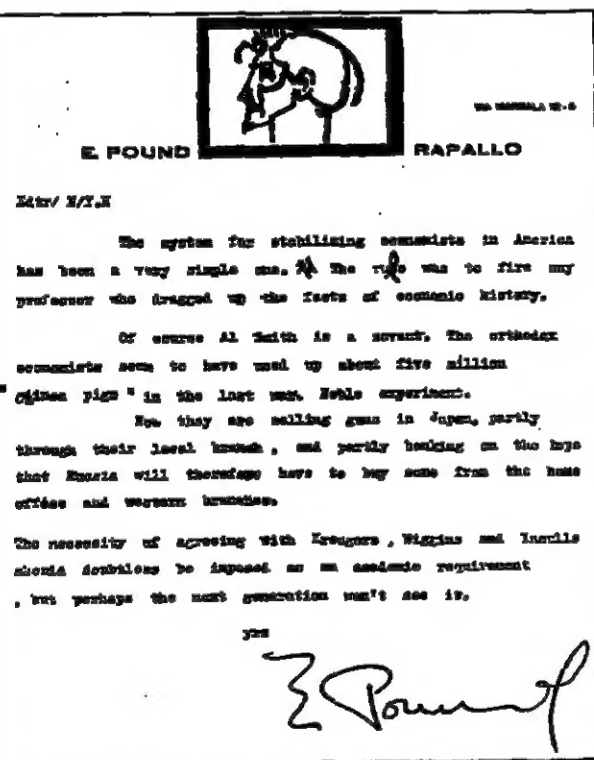
By R.P. Harriss

The long run of the Old Philadelphia Lady in the Paris Herald letters column was a hard act to follow, but when I arrived on the paper in 1930, 12 years after she stopped showing up every day, the Mailbag itself was going strong.

I was then a brash young sprig, lately of the Baltimore Sun, full of Menckensism and other mischief, and after I had settled on the Left Bank and the Herald had got itself moved from Les Halles into its new building at 21, rue de Berri, I was for a while assigned to edit the Mailbag.

That was an angst-ridden job, for whoever did it had to please everybody — Managing Editor Eric Hawkins, who egged me on; Director Laurence Hills, who held me back; and, of course, the Herald readers, who doted on the Mailbag and complained when their letters weren't printed. Why? Sometimes, their offerings were crowded out by letters written by Herald staffers under various plausible pseudonyms. Among those who had edited the Mailbag before me was novelist Ellsler Paul, whose sly wit had infused many a Mailbag letter not signed with his name.

Not that the Herald didn't get a lot of real letters. The trouble was that



they often were controversial, and the Herald of these years disliked controversy. By the early 1930's, letter writers were beginning to discuss the Depression in America and criticize the French, topics the touchy Herald considered hors concours.

The Old Philadelphia Lady (as all Herald quidnuncs well know) had been obsessed by the challenge of converting Fahrenheit to centigrade temperatures. In my time, however, the Mailbag often featured dogs.

As an example, a (phony) letter is printed in which a young woman reports that while strolling on the Champs-Élysées she saw this perfectly gorgeous dog (lyric description) and would somebody please tell her the name of the breed, so that she can get Papa to buy her one like it?

This letter was intended to provoke replies, and it

did. One fellow was so excited that instead of mailing his letter he brought it to the Herald newsroom, along with his dog — an Afghan hound, a bizarre and, at that time, new and fashionable breed. Obviously this dog-walker had seen an attractive girl looking at his pooch, had been smitten with her, and was hoping to meet her. His (genuine) letter was printed.

But subsequent letters said oh no, the young lady was looking at dogs of other descriptions and went on to describe the young lady, whose attractiveness increased with each new correspondent. Then more letters, these from writers claiming to be the girl herself, began getting printed.

At the height of the interest, Hills ordered no more such letters. Damn! He was always doing that.

By no means was all the Mailbag correspondence

staff-inspired. One of the most frequent letter writers was the brilliant but erratic poet Ezra Pound, who from his hideaway at Rapallo, Italy, bombarded the Herald with largely incoherent screeds on world economics. Another and far more welcome letter-writer was the humorist Geler Burgess, no longer well-known but still famous then for his "Purple Cow" poem. Pearls from Burgess were rare, however, and eagerly printed, while Pound for several years besieged both the Herald and the Paris edition of the Chicago Tribune with little success.

Hawkins considered Pound a crackpot. His letters often were so badly typed as to be almost illegible, and occasionally were incoherent with rage. Sometimes they were filled with four-letter scatological invective which no papers of that era would have printed.

Most of Pound's letters were typed on personal letterhead stationery bearing his name, address and a powerful line portrait of himself, printed in dark red.

My tenure as Mailbag editor ended surprisingly when Hawkins called me up to his desk and asked if I had a dinner jacket. He wanted to assign me to accompany a delegation of 25 American mayors on a 35-day, deluxe tour of France.

"Have tux, will travel!" was my instant answer.

But that's another story. Mr. Harriss's recollections will be continued in a subsequent column.

This is the ninth in a series of messages about the IHT which will appear throughout the Centennial year.

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FROM WRITING ORIGINALS  
MONDAY, APRIL 6, 1987

## EUROBONDS Market Descends in Gloom Without Japanese Investors

By CARL GEWIRTZ  
International Herald Tribune

PARIS — Volumes have been written about the glow given to financial markets by the investment outflows from Japan. The possibility of a reversal — an unspoken nightmare — draws less comment. But last week's market got a small taste of what life without the Japanese looks like. In a word, gloomy.

There are no figures on what the Japanese did. Obviously there was some selling of dollar securities. That and the fear of more to come gave the markets a jolt and governments a timely reminder that a trade war with Japan would have nasty financial consequences for all concerned.

The Japanese power to move markets is enormous. Last year, for example, Japanese investors bought \$1.4 trillion of foreign bonds — a 2,200 percent increase from 1984. They also sold a staggering amount, but not purchases were still a very imposing \$93 billion, a rise of 248 percent.

The bulk of this is invested in dollars, in U.S. Treasury paper. The feared tidal wave of selling never did develop last week. Intervention by the Bank of Japan and its rare public "jawboning" of domestic banks to stay out of the foreign exchange market kept the dollar's loss to a modest 2.5 percent, to 146 yen. Talk about an accord on semiconductor production also made it appear possible that the U.S. would withdraw its threat to impose tariffs starting April 17.

Nevertheless, prices in the dollar bond market, which was weakening even before the rating of trade talks, continued to ease. By week's end, yields on five-year Eurodollar bonds were up 20 basis points, or 0.20 percentage points, to 8.15 percent. Yields on 10-year bonds had risen 27 basis points, to 8.15 percent.

Unsure where rising yields will settle and wary about the value of the dollar, Japanese investors were little inclined to return to the dollar bond market. But continued net buying is needed to keep U.S. interest rates steady.

U.S. bankers believe the Japanese will return to the market. These bankers insist the Japanese have no choice. With so much money to invest and such a large appetite for trading they need big, liquid markets like the U.S. Treasury market and, to a smaller scale, the Eurodollar bond market.

AT PRESENT, there is a standoff and the calendar of new issues in the Eurodollar market last week shriveled to its smallest size since the first week of the year, which was truncated by the New Year's holiday.

U.S. bankers say this is temporary, due to last week's market volatility and the March 31 close of the fiscal year that has Japanese bankers looking in meetings discussing strategy for the new year.

But some Japanese analysts doubt there will be a major return to dollar bonds of any variety — Canadian, Australian or New Zealand — which are closely linked to the fortunes of the U.S. dollar.

For now, they report, money is staying mainly in yen and increasingly moving into the domestic stock market, where prices set a record high last week. Money that moves offshore will go to the non-dollar currencies, they say, mainly the Deutsche mark and, after a period of some neglect, the Swiss franc.

Some analysts speculate that increasing investments will be made in U.S. real estate and the purchase of real assets as opposed to financial assets.

There was evidence last week of a return to the Deutsche mark. Frankfurt bankers said Japanese preference for federal government bonds is credited with widening the traditional yield gap between federal paper and issues from state agencies or banks.

Normally, yields on short-term paper issued by state agencies are 10 basis points more than government paper. Last week the yield gap was a wide 45 basis points. The yield on paper issued by banks was 60 basis points over the government paper, almost double the spread of 35 basis points prevailing only a month ago.

Domestic German investors, meanwhile, are expected to turn to the Eurodollar market where they get a significant increase in yield over domestic paper. East Asiatic Co. last week issued 150 million DM of five-year notes at 100% bearing a coupon of 5 1/2 percent. The paper moved slowly, trading at a discount of 1.9 points to yield around 5.85 percent, some 65 basis points more than domestic bank paper.

Ireland's 10-year issue, priced at 100% and bearing a coupon of 6 1/2 percent, also traded at a 1.9 point discount, yielding some 30 basis points over domestic bank paper. The narrower yield gap and the current aversion to long-term commitments makes placing 10-year Eurobonds more difficult.

The Euroyen market, normally a favorite with Japanese investors, was meeting resistance as offering yields dropped to levels See EUROBONDS, Page 11

## Growth Steps Up In U.S.

Survey Reports  
March Expansion

United Press International  
NEW YORK — The growth rate of the U.S. economy improved in March compared with the previous month, according to the latest survey of the nation's purchasing managers, published Monday.

The National Association of Purchasing Managers said its composite index increased to 53.9 percent in March from 51.9 percent in February. A reading above 50 percent on the composite index, which is the only part of the report that is seasonally adjusted, generally indicates the economy is expanding.

The survey reported improvement in all categories except inventories, which declined slightly. New orders increased, production was higher and employment expanded for the first time since August 1984.

"The economy ended the first quarter with a healthy, if not substantial, improvement," said Robert J. Bretz, chairman of the committee that conducted the survey and a purchasing manager with Pitney Bowes Inc.

New orders showed a sharp increase, according to the survey. The percentage of purchasers reporting more new orders jumped to 41 in March from 33 in February, while just 9 percent reported fewer new orders, compared with 15 percent the month before.

"The sharp rise in the growth of new orders assures a good beginning for the second quarter," Mr. Bretz said.

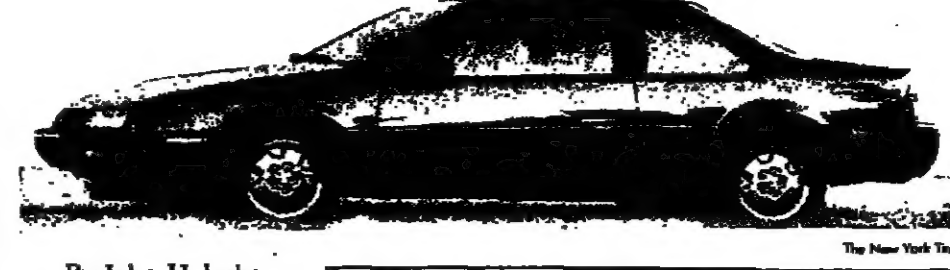
Purchasers reporting increased production in March rose to 34 percent in March from 31 percent in February. For the second consecutive month more than three times as many purchasers reported increased production as reported production decreases.

Inventories were reduced in March. Nineteen percent of the purchasing managers reported lower inventories in March than the previous month, compared with 16 percent who posted increases.

Higher prices were reported by 33 percent of the purchasers, while just 6 percent said prices declined. March was the seventh consecutive month purchasers said prices rose over the previous month, but most surveyed considered the price increases insignificant.

The survey is based on responses by 250 purchasers from industrial companies in all 50 states.

## GM Puts Hopes on 2 New Compacts



By John Holusha  
New York Times Service

WARREN, Michigan — A shark's fin glides through dark blue water and then a car emerges from the deep. The clear message of the television commercial is that the 1988 Chevrolet Beretta is as sleek and aggressive as a shark, and, even more important, a break from General Motors Corp.'s recent run of undistinguished look-alike cars.

The new Beretta sports coupe is one of two new compacts that GM's big Chevrolet division is hoping will start to rebuild its own — and its parent's — eroding share of the car market.

Chevrolet officials are counting on the two-door Beretta and its four-door, more conservative styled cousin, the Corsica, to generate combined sales of 300,000 cars a year. This could recapture two of the three and a half percentage points of market share that GM has lost since 1981.

Reflecting how critically GM views the success of its new offerings, Chevrolet is giving away hundreds of the new cars in a sweepstakes aimed at drawing as many as three million potential car buyers into its showrooms.

"This is one of the most crucial launches we have ever had in our history," said Thomas Standt, marketing manager of Chevrolet, which officially began selling the two cars last month.

Indeed, GM has sunk \$1.5 billion into developing the two cars and equipping plants to produce them. Perhaps even more important to GM, the cars are a major test of its strategy to create sharply distinctive images for its five car divisions by giving each its own exclusive models to sell.

Unlike the ubiquitous J-body subcompacts, which are shared by all five divisions, and the more recent N-body sporty cars, which come in Pontiac, Oldsmobile and Buick versions, the L-body Corsica and Beretta will be sold only as Chevrolets.

Clearly, though, GM still faces a stiff challenge in getting the message across to consumers that the Corsica and Beretta — with base prices of \$9,395 and \$9,955, respectively — are really something special.

But in the past few weeks the dollar has come under increasing pressure, and many observers have concluded that it will continue to fall unless there is visible evidence of a sizable reduction in the U.S. trade deficit.

In particular, financial analysts wonder whether the dollar's exchange rate with the yen needs to be lower than the 150 yen that was the apparent midpoint for the Paris accords, to help attain a significant reduction of the U.S. trade deficit. That was the suggestion made by Senator Bill Bradley, Democrat of New Jersey, and endorsed by Clayton K. Yeutter, the U.S. trade representative, in testimony last week. Mr. Yeutter was

quickly rebuked by the White House. Financial markets appear to regard the Paris agreement as fragile, especially in the wake of the U.S. move to retaliate against Japan for its alleged failure to uphold limits on sales of computer chips. Market participants will be looking for an additional, more precise commitment from West Germany and Japan to expand their economies, which would take pressure off exchange rate shifts as the main solution for trade imbalances.

On Thursday and Friday, after the G-5 and G-7 meetings, there will be sessions of the International Monetary Fund's policy-making interim committee and of the joint development committee of the IMF and World Bank.

Not yet on any agenda, but a subject of great interest, will be World Bank President Barber B. Conable Jr.'s planned streamlining of the bank's administration around four senior vice presidents. The plan will be announced in May.

This week's sessions will also mark the first official appearance See IMF, Page 11

## Western Nations Plan Relief for Poorest Debtors

By Paul Lewis  
New York Times Service

KNOKKE-BET ZOUTE, Belgium — Western industrial nations are planning new steps to ease the financial plight of the poorest developing countries, European financial officials said.

The Belgian finance minister, Mark Eyskens, said Saturday that the major Western aid-giving nations, at a meeting in Washington this week, would offer more generous relief to these countries when they are forced to renegotiate repayment on their debts to Western governments. Most of the countries that would benefit are in black Africa.

Mr. Eyskens said the offer would be announced at a meeting in Washington of the International Monetary Fund's governing interim committee and its joint development committee with the World Bank. It would greatly extend the time given the poorest developing countries to repay debts they cannot meet.

Officials said the nations, commonly known as the Paris Club, plan to reschedule these countries' debts over periods of 15 to 20 years instead of the usual 7 to 10 years. He also said the terms on which debt repayment was extended would be made more generous in other ways.

Many of the poorer developing countries have relied heavily on these loans from Western governments, being unable to attract large commercial bank loans. Banks were reluctant to lend even before the debt crisis erupted in 1982, when Mexico became the first of

several large debtors to face a cash-flow crunch.

Mr. Eyskens said France, with support from some other European nations, wanted to go even further by earmarking a special loan fund operated by the IMF exclusively to help the most deeply indebted developing countries. But he said the United States and several other Western nations had "reservations" about the French plan.

Mr. Eyskens made his remarks as he reported on informal talks Saturday by the finance ministers of the 12 European Community nations at this Belgian resort. The finance ministers sought to prepare the position they will take at the meetings in Washington.

"New debt defaults seem inevitable, and we must make the handling of them easier for developing countries," Mr. Eyskens said.

The finance ministers also reaffirmed their support for the Paris currency accord reached Feb. 22, in which six major Western financial powers agreed to stabilize the dollar's value at about its current level.

That agreement appeared to be in danger last week when the dollar renewed its fall against the Japanese yen, forcing Western central banks to spend \$8 billion to \$10 billion supporting the dollar on financial markets.

But Mr. Eyskens and several other finance ministers said that they believed the Paris accord was still working and that the dollar was likely to remain at around its current levels.

Officials said their initiative on See DEBT, Page 13

## Washington Meetings Aim to Buttress Paris Accord

By Hobart Rowen  
Washington Post Service

WASHINGTON — The world's financial leaders are ready to converge on Washington this week for a series of critical talks on the dollar, trade deficits and the developing world's debt burden.

The sessions will be highlighted by meetings on Wednesday of the finance ministers and central bankers of the so-called Group of Five — the United States, Japan, West Germany, France and Britain — and of the Group of Seven, which adds Canada and Italy.

These private sessions will attempt to buttress the Feb. 22 decision to stabilize currencies around levels then current, taken at a meeting in Paris that Italy boycotted.

Treasury Secretary James A. Baker 3d and Paul A. Volcker, the chairman of the Federal Reserve Board, will try with their counterparts to convince financial markets that their governments can make the essential elements of the Paris accord stick.

But in the past few weeks the dollar has come under increasing pressure, and many observers have concluded that it will continue to fall unless there is visible evidence of a sizable reduction in the U.S. trade deficit.

In particular, financial analysts wonder whether the dollar's exchange rate with the yen needs to be lower than the 150 yen that was the apparent midpoint for the Paris accords, to help attain a significant reduction of the U.S. trade deficit. That was the suggestion made by Senator Bill Bradley, Democrat of New Jersey, and endorsed by Clayton K. Yeutter, the U.S. trade representative, in testimony last week. Mr. Yeutter was

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This week's sessions will also mark the first official appearance See IMF, Page 11

## K mart Sells 76 Kresge, Jupiter Stores to McCrory

By Isadore Barmash  
New York Times Service

NEW YORK — K mart Corp., the second-largest U.S. merchandise chain, is selling 76 of its domestic Kresge and Jupiter stores to McCrory Corp., another retailer, bringing full circle a saga of entrepreneurship stretching back to last century.

In 1897, Sebastian S. Kresge and John G. McCrory together opened the first Kresge store in Memphis, Tennessee, offering "a variety" of 5-to-10-cent merchandise from stationery to combs to sewing supplies. McCrory, who had already been operating a small chain in Pennsylvania under his own name, eventually left the partnership to focus on his own business.

Along with Frank W. Woolworth, the two men pioneered the concept of the American variety store. During the first half of this century, a Woolworth, Kresge or McCrory "5 and 10" eventually sprouted in almost every city and town in the United States, ultimately spreading to Europe, Canada and Australia.

In Friday's sale announcement, K mart, which shifted its emphasis from the variety store to the discount store in the 1960s, said it was selling the Kresge-Jupiter outlets because they no longer fitted its corporate growth plans. The Jupiter stores serve as discount outlets for the Kresge stores.

The stores, which are in Maryland, Pennsylvania and Connecticut, will be renamed McCrory, meaning that the Kresge name will virtually disappear. Only 10 Kresge stores in the South and Middle West will remain.

Wall Street analysts said they expected K mart to make a small gain on the sale, but both companies declined to specify the price.

"It will be a mild, positive step for K mart since it will give them a small gain and help the company in its repositioning for the future," said Robert Buchanan, an analyst at L.F. Rothschild, Unterberg, Towbin.

McCrory owns broadcasting properties, a tire company, a plastics business, an aerospace division and 10 Pepsi-Cola bottling plants. The bidding group has said it would sell all of Gencorp's units except its tire and plastics operations.

Gencorp declined to comment on the new bid.

The company has just completed the sale of a New Jersey television station to MCA Inc. for \$387 million, or \$250 million after taxes. These proceeds, plus \$600 million in bank credits, would give Gencorp more than \$1 billion in ready cash. Analysts are speculating that Gencorp will buy back a big block of its own stock.

## Last Week's Markets

All figures are as of close of trading Friday

Stock Indices	March 27	Change
DJ Index	2,920.34	+23.24
DJ Industrials	2,122.22	+12.74
DJ Trans.	951.43	+12.71
S & P 100	291.50	+2.04
S & P 500	300.41	+2.04
S & P Ind	347.27	+2.04
NVSE Cos.	170.20	+1.09
Bonds		
FTSE 100	1,242.10	+4.25
FT 30	1,544.40	+4.80
Japan		
Nikkei 225	25,410.85	+2,024.66
West Germany		
Commerzbank	1,833.20	+21.74
Hanseatic	2,679.99	+2,798.74
Hanseatic	2,679.99	+2,798.74
World		
ASCIPI	439.30	+0.46

World Index from Morgan Stanley Capital Int'l.

## Currency Rates

Cross Rates	March 27	Change
Australian \$	2.01	-0.01
Belgian franc	37.26	-0.01
British pound	1.64	-0.01
Canadian \$	1.00	-0.01
Deutsche mark	1.48	-0.01
French franc	6.55	-0.01
Italian lire	2036	-10
Japanese yen	160	-1
Netherlands guilder	3.60	-0.01
Portuguese escudo	200	-10
Spanish peseta	166.64	-0.01
Swiss franc	1.48	-0.01
Swedish krona	4.66	-0.01
U.S. dollar	1.00	-0.01

Source: Reuters. All rates are for U.S. dollars unless otherwise specified.

## Group Raises Gencorp Bid By 10% to \$2.45 Billion

NEW YORK — An investor group led by Wagner & Brown of Texas and AFG Industries of California has sweetened its hostile takeover bid for Gencorp Inc. by \$10 a share to \$110, raising its offer for the manufacturing and broadcasting company to about \$2.45 billion.

The group combining the Texas energy company and the California glassmaker also said Friday that it was prepared to pay more if Gencorp demonstrated its extra worth. It also tied the sweetener to close cooperation from Gencorp executives, which the company, based in Akron, Ohio, has refused to give.

In a tender announced in mid-March, the bidding group had offered \$100 a share, or \$2.2 billion, for the more than 22.3 million Gencorp shares then trading around \$90 each. The partnership already holds 9.8 percent, or 2.18 million shares of Gencorp stock.

Gencorp's shares slid \$2 Friday to \$115 in heavy trading on the New York Stock Exchange. Traders attributed the drop in part to disappointment over the new bid, and also to stock sales by a money manager.

Gencorp owns broadcasting properties, a tire company, a plastics business, an aerospace division and 10 Pepsi-Cola bottling plants. The bidding group has said it would sell all of Gencorp's units except its tire and plastics operations.

Gencorp declined to comment on the new bid.

The company has just completed the sale of a New Jersey television station to MCA Inc. for \$387 million, or \$250 million after taxes. These proceeds, plus \$600 million in bank credits, would give Gencorp more than \$1 billion in ready cash. Analysts are speculating that Gencorp will buy back a big block of its own stock.

## France Sets Bank's Price

PARIS — The French government set the public offer price of shares in the state-owned Banque du Bâtiment et des Travaux Publics at 130 francs, valuing the bank at 416 million francs (\$68.5 million), the Finance Ministry has said.

The public share offer is to open Monday and close Friday. A total of 51 percent of the capital, 1.63 million shares, is allocated to investor groups that responded to invitations for tenders. The biggest allocation, 20.5 percent, was to a group comprising Fédération Nationale du Bâtiment and three other construction-related bodies.

A further 1.07 million shares will be sold to the public and 300,000 shares, or 10 percent of shares on offer, will be reserved for employees of the bank. The state will keep 200,000 to permit it to proceed with free share issues to small shareholders later, the ministry said.

The shares will be quoted ex-dividend on April 3, 1987.

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Source: Reuters. All rates are for U.S. dollars unless otherwise specified.











OTC Consolidated trading for week ended Friday.

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(Continued on next page)

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## Hudson's Bay Bids Farewell to the North Country

By John F. Burns  
New York Times Service

TORONTO — More than one senior executive of Hudson's Bay Co. has set aside a few moments recently to slip into the company's board room in midtown Toronto and stand reflectively before a roll of parchment in a glass case along the wall.

By any standard, the parchment, the Royal Charter of May 2, 1670, establishing the Company of Adventurers of England Trading into Hudson's Bay, is one of the most famous documents in the history of North America. King Charles II assigned to his cousin Prince Rupert of the Rhine and a group of aristocratic associates the right to be "true and absolute Lords and Proprietors" of a vast territory amounting to nearly 40 percent of modern Canada.

For three centuries, the document has been a source of pride to the investors, explorers and traders who ranged over the vast reaches of the north and west, building Hudson's Bay into what has become one of the world's oldest continuous commercial enterprises.

But since a board meeting in January the parchment has become a reminder of a part of the company's history that its executives have decided to cast aside.

Led by Kenneth Thomson, 63, the magazine whose family holding company, Woodbridge Co., owns 74 percent of Hudson's Bay, the board met beneath the parchment and voted to sell off the 178 "northern stores" that constitute the last direct link with the company's origins as the settler and governor of Canada's remotest regions.

The northern stores, which had about 400 million Canadian dollars (about \$307 million at current rates) in business last year, represented only a modest part of the 5.7 billion dollars in revenues that accrued to the Hudson's Bay empire. For 180 million dollars, the stores went to a consortium headed by the Mutual Trust Co. of Waterloo, Ontario, and the northern stores' management.

From the viewpoint of Mr. Thomson and his partners on the five-man management committee of Hudson's Bay, selling the stores made sound business sense. The operations were only marginally profitable, and their sale would significantly reduce interest on the huge debt, now about 2.2 billion dollars, that has been a major factor in the heavy losses incurred by Hudson's Bay in recent years.

Elsewhere, however, particularly among long-term employees of Hudson's Bay, the recent sales have been depicted as an abandonment of a historical trust. Although the northern stores will continue to operate under the new ownership, critics fear that Mutual Trust and its partners may lack the resources to keep some of the more remote ones open. And even if they do, there is unhappiness because the terms of sale require Mutual to stop using the Hudson's Bay name within two years.

To Eskimos and other Canadians living in communities served by the stores, from Labrador in the Yukon Territory, and in dozens of settlements in between, it will mean an end to trips to "the Bay," as the



Trappers bringing wolf and fox skins to a Hudson's Bay Co. store in northern Manitoba, in the late 1940s.

stores are universally known. It has been enough to stir protests in some of the affected communities, where the stores have been a symbol of contact with a distant and more comfortable world.

Typical of the adverse reaction was that of Robert Cheshire, 85, who managed the northern stores from 1940 to 1957. "A priceless heritage is gone forever," Mr. Cheshire was quoted as saying in the *Alberta Report* magazine. "I'm very saddened and rather angry."

Mr. Cheshire's remarks have been echoed in private by some Hudson's Bay executives. "A mistake?" said one manager. "From a historical point of view of course it was, and we may pay for that in ways that we cannot currently foresee. But that wasn't the way our top people saw it. For them, the issue was simple: You can't sell history."

For many critics, the villain of the piece is Mr. Thomson, the son of Roy Thomson, a high school dropout who turned investments in small-town newspapers and radio stations into a worldwide empire of media, travel and oil holdings. The critics say that it was partly bad business judgment by Woodbridge, the family holding company, that pushed Hudson's Bay so deeply into debt and that the northern stores, traditionally profitable, have been jettisoned because of it.

Interest on the company's debt, at 265 million dollars in 1986, remains a heavy drag. But other changes that the Thomson management team has made, mainly in the company's troubled department store division, have convinced many analysts that the ailing giant is finally on the way back to health.

The implication that Mr. Thomson is letting Canada down has a special irony, because his stewardship of the family holdings since his father's death in 1976 has been marked by an effort to reinvest in Canada. In particular, he has sold off several businesses in Britain, including two newspapers, *The Times* of London and *The Sunday Times*. He has also chosen not to use the British title inherited from his father, Lord Thomson of Fleet, in Canada, where he is known as plain "Mr. Thomson."

Digging into worldwide assets that have been estimated at more than 7 billion dollars, in 1980 Mr. Thomson bought a newspaper chain, *FP Publications*, that gave him control of *The Globe and Mail* of Toronto, a newspaper his father had bankrolled to own.

But the most expensive part of

his Canadian buying spree, and the one that led to the current controversy, was his decision to join in 1979 in what became known in Canada as the "store wars."

The prize in the contest was Hudson's Bay, mainly for its three chains of department stores — Simpsons, Zellers and The Bay stores — that accounted for 45 percent of all department store trade in Canada. After a bidding contest with George Weston Ltd., the retail and food giant, Mr. Thomson won control of the company for 641 million dollars, a huge outlay that compounded an already serious debt problem for Hudson's Bay.

The costs of the purchase were to have been met with store profits. But a recession hit Canada in 1981 and interest rates soared to 20 percent, quickly dragging the company into serious losses.

A profit of 80 million dollars in 1979 slumped to 3.7 million dollars in 1981, and since then there have been only losses — a cumulative total of 313 million dollars between 1982 and 1986. The largest contributor to the losses, apart from the debt, were the Simpsons stores, acquired by Hudson's Bay, along with Zellers, in 1978. The Simpsons outlets accounted for a loss of 52 million dollars in 1984 alone.

Mr. Thomson, who rarely meets reporters, declined to be interviewed, as did George J. Kosich, an executive vice president on the Hudson's Bay management team who is close to Mr. Thomson. But discussions with other executives made it plain that the two men were the prime movers in the recent sell-off, along with T. Iain Ronald, another executive vice president who reports to Mr. Thomson.

According to Ralph Hubbard, vice president and secretary of Hudson's Bay, the turning point for the company came in 1985, when Mr. Thomson intervened to stanch the losses.

"Power flowed across the street," Mr. Hubbard said, looking from his offices on Bay Street, in the heart of Toronto's financial district, to the Woodbridge offices in the Thomson building, a square-cut structure of steel and glass that mirrors the generally unobtrusive style of its owner.

Mr. Thomson has said little about his role in the shake-up, but his few published remarks reflect chagrin at the original Woodbridge decision to acquire Hudson's Bay. "I had hoped it would be a good

investment for the family," he said on one occasion. "It looked like it had good future growth potential. Unfortunately, so far it hasn't worked out that way."

Once Mr. Thomson decided to move, he did so abruptly. Donald S. McGivern, a retailing specialist who had been president and chief executive, was made governor of the company, a role that has been largely titular since 1968, when Hudson's Bay surrendered its original land titles to the new nation of Canada. Dozens of other executives were uprooted or fired in two management turnovers in the past 18 months.

The biggest sale was in 1982, when Hudson's Bay Oil & Gas Co. was sold to Dome Petroleum Ltd. for 1.2 billion dollars. But the sale only cushioned the descent of Hudson's Bay into losses.

The sale of the northern stores will not be the last. Mr. Hubbard said that the company intended to sell its interest in a wholesale tobacco operation, a U.S. fur-trading unit and, potentially most lucrative, Canadian Roxy Petroleum Ltd., the company's last oil and gas holding.

"We're getting down to a position where the debt load is comfortable," Mr. Hubbard said. "With the sale of the northern stores, the company's decision to turn its back on the past seems irrevocable. Many enthusiasts for the old Hudson's Bay find the situation hard to accept, believing that the sense of abandoning history will be felt well beyond the company."

One of them, Peter Newman, a writer who is working on a multi-volume history of the company, has demanded that the parchment carrying the Royal Charter, housed in offices adjacent to the Bay store at Yonge and Bloor streets in Toronto, be transferred to the northern stores' new owners.

"They're the ones who are fulfilling the charter," Mr. Newman said. "The charter talks about the lands draining into Hudson's Bay. It doesn't say anything about Yonge and Bloor."

## International Bond Prices

Country	Issue	Yield	Price	Yield	Price
Canada	100% 11/17/87	6.75	82.5	6.75	82.5
France	100% 11/17/87	6.75	82.5	6.75	82.5
Germany	100% 11/17/87	6.75	82.5	6.75	82.5
Italy	100% 11/17/87	6.75	82.5	6.75	82.5
Japan	100% 11/17/87	6.75	82.5	6.75	82.5
UK	100% 11/17/87	6.75	82.5	6.75	82.5
US	100% 11/17/87	6.75	82.5	6.75	82.5
Spain	100% 11/17/87	6.75	82.5	6.75	82.5
Sweden	100% 11/17/87	6.75	82.5	6.75	82.5
Switzerland	100% 11/17/87	6.75	82.5	6.75	82.5
Netherlands	100% 11/17/87	6.75	82.5	6.75	82.5
Australia	100% 11/17/87	6.75	82.5	6.75	82.5
New Zealand	100% 11/17/87	6.75	82.5	6.75	82.5
South Africa	100% 11/17/87	6.75	82.5	6.75	82.5
Argentina	100% 11/17/87	6.75	82.5	6.75	82.5
Brazil	100% 11/17/87	6.75	82.5	6.75	82.5
Chile	100% 11/17/87	6.75	82.5	6.75	82.5
Colombia	100% 11/17/87	6.75	82.5	6.75	82.5
Costa Rica	100% 11/17/87	6.75	82.5	6.75	82.5
Cuba	100% 11/17/87	6.75	82.5	6.75	82.5
Dominican Republic	100% 11/17/87	6.75	82.5	6.75	82.5
Ecuador	100% 11/17/87	6.75	82.5	6.75	82.5
El Salvador	100% 11/17/87	6.75	82.5	6.75	82.5
Guatemala	100% 11/17/87	6.75	82.5	6.75	82.5
Honduras	100% 11/17/87	6.75	82.5	6.75	82.5
India	100% 11/17/87	6.75	82.5	6.75	82.5
Indonesia	100% 11/17/87	6.75	82.5	6.75	82.5
Israel	100% 11/17/87	6.75	82.5	6.75	82.5
Italy	100% 11/17/87	6.75	82.5	6.75	82.5
Japan	100% 11/17/87	6.75	82.5	6.75	82.5
Korea	100% 11/17/87	6.75	82.5	6.75	82.5
Malaysia	100% 11/17/87	6.75	82.5	6.75	82.5
Mexico	100% 11/17/87	6.75	82.5	6.75	82.5
Nicaragua	100% 11/17/87	6.75	82.5	6.75	82.5
Peru	100% 11/17/87	6.75	82.5	6.75	82.5
Philippines	100% 11/17/87	6.75	82.5	6.75	82.5
Puerto Rico	100% 11/17/87	6.75	82.5	6.75	82.5
Saudi Arabia	100% 11/17/87	6.75	82.5	6.75	82.5
Senegal	100% 11/17/87	6.75	82.5	6.75	82.5
Singapore	100% 11/17/87	6.75	82.5	6.75	82.5
Sri Lanka	100% 11/17/87	6.75	82.5	6.75	82.5
Taiwan	100% 11/17/87	6.75	82.5	6.75	82.5
Thailand	100% 11/17/87	6.75	82.5	6.75	82.5
Turkey	100% 11/17/87	6.75	82.5	6.75	82.5
USA	100% 11/17/87	6.75	82.5	6.75	82.5
Venezuela	100% 11/17/87	6.75	82.5	6.75	82.5
Yemen	100% 11/17/87	6.75	82.5	6.75	82.5

## DM Zero Coupons

Country	Issue	Yield	Price	Yield	Price
Canada	100% 11/17/87	6.75	82.5	6.75	82.5
France	100% 11/17/87	6.75	82.5	6.75	82.5
Germany	100% 11/17/87	6.75	82.5	6.75	82.5
Italy	100% 11/17/87	6.75	82.5	6.75	82.5
Japan	100% 11/17/87	6.75	82.5	6.75	82.5
UK	100% 11/17/87	6.75	82.5	6.75	82.5
US	100% 11/17/87	6.75	82.5	6.75	82.5
Spain	100% 11/17/87	6.75	82.5	6.75	82.5
Sweden	100% 11/17/87	6.75	82.5	6.75	82.5
Switzerland	100% 11/17/87	6.75	82.5	6.75	82.5
Netherlands	100% 11/17/87	6.75	82.5	6.75	82.5
Australia	100% 11/17/87	6.75	82.5	6.75	82.5
New Zealand	100% 11/17/87	6.75	82.5	6.75	82.5
South Africa	100% 11/17/87	6.75	82.5	6.75	82.5
Argentina	100% 11/17/87	6.75	82.5	6.75	82.5
Brazil	100% 11/17/87	6.75	82.5	6.75	82.5
Chile	100% 11/17/87	6.75	82.5	6.75	82.5
Colombia	100% 11/17/87	6.75	82.5	6.75	82.5
Costa Rica	100% 11/17/87	6.75	82.5	6.75	82.5
Cuba	100% 11/17/87	6.75	82.5	6.75	82.5
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Italy	100% 11/17/87	6.75	82.5	6.75	82.5
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Peru	100% 11/17/87	6.75	82.5	6.75	82.5
Philippines	100% 11/17/87	6.75	82.5	6.75	82.5
Puerto Rico	100% 11/17/87	6.75	82.5	6.75	82.5
Saudi Arabia	100% 11/17/87	6.75	82.5	6.75	82.5
Senegal	100% 11/17/87	6.75	82.5	6.75	82.5
Singapore	100% 11/17/87	6.75	82.5	6.75	82.5
Sri Lanka	100% 11/17/87	6.75	82.5	6.75	82.5
Taiwan	100% 11/17/87	6.75	82.5	6.75	82.5
Thailand	100% 11/17/87	6.75	82.5	6.75	82.5
Turkey	100% 11/17/87	6.75	82.5	6.75	82.5
USA	100% 11/17/87	6.75	82.5	6.75	82.5
Venezuela	100% 11/17/87	6.75	82.5	6.75	82.5
Yemen	100% 11/17/87	6.75	82.5	6.75	82.5

## Yen Straights

DB	7%	4/1	11/19%	4.69	3.91
UDD	4%	6%	19/79%	4.94	3.88
Spain	4%	6%	19/84%	5.06	4.01
Signal	4%	6%	19/104%	5.06	4.34
Unex	5%	11/1	19/104%	4.96	3.47
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Unex	5%				







## SPORTS

## Salary Dispute Resolved, Clemens Rejoins Red Sox

WINTER HAVEN, Fla. — Roger Clemens rejoined the Boston Red Sox Saturday after a 29-day walkout, ending a bitter salary dispute settled by the intervention of baseball's commissioner, Peter Ueberroth, as a mediator.

"Just give me the ball and put my name down in the lineup," Clemens said after pitching six hitless innings for Boston's minor-league

team in an exhibition game against Harvard University. "I might have to take my lumps in the first couple of starts, but I'm ready to start whenever they put me in the lineup," Clemens said. "My velocity is fine. I just have to get my location down."

Clemens, who last year had a 24-4 record in his second full season while pitching the Red Sox to their first championship in 11 years, ap-

peared as fit as when he walked out of training camp March 6 when contract negotiations broke down. "You could tell he's been throwing regularly since he left the team," said Bill Fischer, Boston's pitching coach. "He had command of all his pitches."

"I'm delighted," said Hayward Sullivan, the team's co-owner, after watching the 1986 American League most valuable player and Cy Young Award winner. "I think we can find a seat for him on our charter flight to Milwaukee," where Boston opens its season on Monday.

Randy Hendricks, Clemens' agent, said that "a number of issues" remained to be resolved in a new two-year contract, but the "important thing is for Roger to get on with the season."

Looking back on last season, when he won his first 14 games, Clemens said, "It's hard to start off 14-0, but I'm sure going to try." Of the contract, he said: "I'm very happy that things are starting to work out. They [the Red Sox] are ready to recognize what I did last year."

Ineligible for arbitration because he was 30 days shy of being a three-year major-league player, Clemens had threatened to sit out the 1987 season as negotiations between Hendricks and General Manager Lou Gorman broke down.

Hendricks asked for a two-year, \$2.4 million contract — \$1 million for 1987, \$1.4 million for 1988. The Red Sox started with an offer of \$500,000 and \$350,000 in incentive money.

The two sides remained far apart, Hendricks refusing to budge in demanding a two-year contract and the Red Sox sticking to their basic salary offer for one year. The club's only change was increasing incentive money to \$475,000 and making some of it easier to collect.

The break in the stalemate came last Monday, when Hendricks called Gorman with a new proposal. He said he would accept the \$500,000 base salary and the \$475,000 incentives, plus an additional \$150,000 if Clemens started 31 games. Hendricks' proposal escalated to \$1.5 million plus the same incentives in 1988.

Gorman rejected the proposal, but it apparently got the commissioner to intervene. Sullivan said

Ueberroth called to ask whether he would be willing to meet with Clemens and Hendricks if it could be arranged.

Ueberroth met with Clemens, Hendricks and Sullivan in Phoenix, Arizona, last Tuesday and Wednesday and convinced them it would be better for Clemens to begin pitching immediately while negotiations continue.

It was the first time since 1972 —

when Bowie Kuhn intervened in the negotiations between the Oakland A's and Vida Blue — that a commissioner became directly involved in a contract stalemate.

Clemens and Hendricks "went back to Houston to talk things over," said Sullivan. "The phone calls went back and forth. I was hopeful, but I didn't know for sure that Roger would be here until late Friday night."

(AP, UPI)

## Contract Negotiators Hopeful Umpire Strike Can Be Averted

Compiled by Our Staff From Dispatches

NEW YORK — Both sides expressed optimism Saturday night that major-league umpires would reach a collective bargaining agreement in time for Monday's opening of the baseball season instead of calling a work stoppage.

"I sure hope so," Richie Phillips, the chief negotiator for the um-

pires' union, said after a nine-hour negotiating session. "We made a great deal of progress today. We are close on most of the issues. There are one or two issues that we're still far apart on. We're going to meet tomorrow and see if we can resolve the differences."

He said Sunday's session could last more than 12 hours.

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